Supreme Court, U.S.
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No.

In The Supreme Court of the United States October Term, 1995

VAN KLASSENS, INC.
AND
ROBERT LUKINGBEAL,

Petitioners,

v.

IMAGINEERING, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

Robert E. Pitts, Esq. *
Raymond E. Stephens, Esq.
PITTS & BRITTIAN, P.C.
P.O. Box 51295
Knoxville, Tennessee 37950-1295
(615) 584-0105

Attorneys for Petitioners
*Counsel of Record

QUESTIONS PRESENTED

I. Whether it is contrary to federal patent law for the designs of twenty-two unpatented products to be monopolized in perpetuity as inherently distinctive trade dress.

II. Whether a competitor that labels its furniture and advertising with its own source-indicative trademark can be assessed punitive damages under state unfair competition law for selling product designs passed into the public domain by operation of federal patent law.

STATEMENT PURSUANT TO RULE 29.1

The only parties to this action are those listed in the caption. Van Klassens, Inc. has no parent or subsidiary companies.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioners, Van Klassens Inc. and Robert Lukingbeal, (hereinafter "Van Klassens"), respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit (hereinafter "Federal Circuit") in this case.

OPINIONS BELOW

The opinion of the Federal Circuit is reported at 34 USPQ2d 1526 (Fed. Cir. 1995) and is reprinted in the Appendix (*infra*, 1a - 13a). The opinion of the United States District Court for the Southern District of New York is reported at 851 F.Supp. 532 (SDNY 1994) and is reprinted in the Appendix (*infra*, 24a - 40a).

JURISDICTION

The Federal Circuit entered its decision on April 24, 1995. Neither party requested rehearing. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The statutes involved in this petition are Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), 35 U.S.C. §§ 102, 103 and 253 which provide:

15 U.S.C. § 1125(a) False designations of origin and false descriptions forbidden [Section 43]

(a)(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which --

> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

***

35 U.S.C. §102 Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless --

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

***

(f) he did not himself invent the subject matter sought to be patented ... .

***

35 U.S.C. § 103 Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made. ...

***

35 U.S.C. § 253 Disclaimer

Whenever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby be rendered invalid. A patentee, whether of the whole or any sectional interest

therein, may, on payment of the fee required by law, make disclaimer of any complete claim, stating therein the extent of his interest in such patent. Such disclaimer shall be in writing, and recorded in the Patent and Trademark Office; and it shall thereafter be considered as part of the original patent to the extent of the interest possessed by the disclaimant and by those claiming under him.

In like manner any patentee or applicant may disclaim or dedicate to the public the entire term, or any terminal part of the term, of the patent granted or to be granted.

***

STATEMENT OF THE CASE

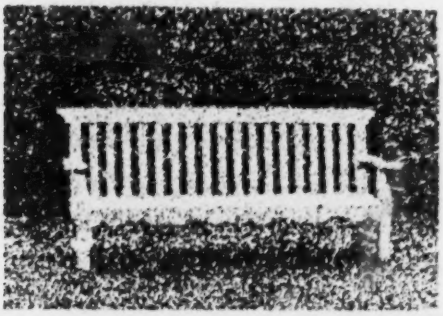
This case enjoined the petitioners from making and selling a rocking chair that is the subject of an invalid and disclaimed design patent, and numerous other pieces of unpatented and unpatentable furniture alleged to have a common trade dress. The injunction was issued by the district court, and stayed and then affirmed by the Federal Circuit. Neither the district court's injunction nor the opinion of the Federal Circuit provide a full, clear and concise description of the trade dress so as to give guidance to either Van Klassens or other competitors in the English garden furniture industry. Thus, the industry has inadequate notice as to what Imagineering considers its property and no guidance as to how to compete in the English garden furniture industry without infringing Imagineering's trade dress. This will impede competition and will result in a proliferation of "trade dress" litigation. Moreover, the injunction is in derogation of the public's right to use product designs that the patent laws make freely available. In *Qualitex Co. v. Jacobson Products Co., Inc.*, 115 S.Ct. 1300 (1995), this Court unanimously recognized that "[i]t is the province of the patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs ... for a limited time, ... after which competitors are free to use the innovation." However, under the Lanham Act, Imagineering has achieved, in essence, a perpetual patent-like monopoly over its unpatented and unpatentable furniture designs.

I. Background

Origins of the furniture designs at issue: Garden furniture of the style at issue in this case has been commonplace, in both the United States and Europe, since at least the turn of the century. The circa 1910 catalogue of John P. White's Pyghtle Works of Bedford England referenced a then-hundred-year-old garden seat, stating:

> This design, illustrated on the following page, and called the "PEACOCK," has always been, and is still,

the favourite pattern, its quiet and unassuming appearance harmonizing with any surroundings.



J.P. White commercialized many designs in the basic style of the "Peacock" garden seat, including white, slatted, wooden chairs and straight and quarter circle settees having slatted backs, slatted seats, scrolled armrests, notched front leg members and winged crest rails. At the turn of the century, furniture of this style was also frequently used by E.L. Lutyens and his collaborator, legendary gardener Gertrude Jekyll.

In approximately 1913, Hans Heistad, a Norwegian landscape architect, built outdoor furniture for the Gribbel family, owners of the Weatherend Estate in Maine. Like the J.P. White furniture, this furniture had slatted backs and seats, and some pieces included scrolled armrests, notched front leg members and winged crest rails.

In 1983-84, William Fisher established Imagineering in Maine, and began manufacturing and selling the Weatherend Estate Furniture line. Imagineering states in its 1992 catalog that "[h]e had one express intent in founding the company: to **recreate**, in all its fineness of detail, the fabulous furniture he discovered at the [Weatherend] estate. [emphasis added]" Imagineering devoted much of its advertising to the fact that its furniture designs are "reproductions" of Hans Heistad's furniture. Imagineering's 1992 catalog further states:

> Those pristine white furnishings captured our imagination, and so Weatherend® Estate Furniture was founded, to **recreate**, in all its fineness of detail, the fabulous furniture found in the gardens of this beautiful residence by the sea.
>
> ***
>
> ... We then affix a brass plaque as a stamp of authenticity and verification that it was expertly crafted in Rockland, Maine.
>
> This plaque is also a sign of assurance - a guarantee that your piece is genuine Weatherend® Estate Furniture...

(emphasis added). In order to designate the source of its reproduction furniture, Imagineering affixes the above-mentioned brass plaque that is stamped with Imagineering's registered trademark, "Weatherend®".

Van Klassens: Van Klassens was founded to produce the same style of furniture that can be seen in England and Scotland. This furniture is sometimes referred to as English garden furniture. Van Klassens rented space for a production facility in 1986. Over a period of approximately 14 months, by a process of trial and error, the designs for Van Klassens' line of furniture were developed. While the designs were sufficiently finalized to produce some early advertisements in April 1987, the furniture was not ready for delivery until August 1987, the date of Van Klassens' first shipment. The Federal Circuit found it persuasive, on the issue of good faith, that Van Klassens developed several pieces of furniture in its furniture line with knowledge of the design of Imagineering's Weatherend line of furniture. App. *infra*, 7a-8a. However, Van Klassens plainly marked its advertisements and its furniture with its own source-indicating trademark and neither the jury, the district court nor the Federal Circuit found any evidence of palming-off. Indeed, Imagineering did not allege that Van Klassens was palming its furniture off as Weatherend furniture.

The dispute between the parties: Imagineering first contacted Van Klassens by letter dated on or about July 13, 1987, asserting alleged potential confusion as to the source of Van Klassens' furniture with Imagineering's furniture. On November 5,

1987, Imagineering threatened Van Klassens with immediate legal action. Van Klassens contacted counsel, E.H. Rayson, Esq., in Knoxville, Tennessee, who responded to Imagineering's charges by letter of November 19, 1987, stating:

> There is no similarity in the names of the two companies. Insofar as we are aware, there are no patents or trade marks involved on behalf of either client. A comparison of the products reveals that the differences between the lines of furniture far exceed any similarity that may exist.... We see no reasonable possibility of confusion with respect to the work of the two companies.
>
> Under the circumstances we know of no right which your client has to appropriate to itself the sole and exclusive right to manufacture and market this general type of furniture.
>
> ... It is our conclusion that our client has every legal right to manufacture and market his product in competition with that manufactured and marketed by your client and others in the industry.

This response went unchallenged for approximately four years. On or about October 14, 1991, Imagineering wrote Van Klassens alleging infringement of U.S. Patent No. Des. 313,320, ("'320 patent"), App. *infra*, 48a - 52a, and resurrecting its stale Lanham Act claims. During these proceedings, the '320 patent was found to be invalid and was dedicated to the public by Imagineering with a disclaimer of patent under 35 U.S.C. § 253. App. *infra*, 53a.

II. Proceedings Below

Imagineering, a Maine corporation, filed suit against Van Klassens on January 30, 1992, in the Southern District of New York. In its first two causes of action, Imagineering alleged that Van Klassens was infringing the '320 patent. Imagineering also alleged that Van Klassens was unfairly competing by infringing

Imagineering's alleged trade dress, that Van Klassens had committed false advertising and that Van Klassens was diluting its trade dress.

Van Klassens answered on March 31, 1992, asserting that the '320 patent was both invalid and not infringed. Van Klassens also denied Imagineering's allegations that it was unfairly competing with Imagineering by infringing its alleged trade dress, denied engaging in false advertising, and denied the dilution charge. As relief, Van Klassens sought, among other things, dismissal of Imagineering's Complaint, a determination by the district court that the case was exceptional pursuant to 35 U.S.C. § 285, and attorneys' fees.

Van Klassens sought to amend its Answer on October 20, 1992, to include a counterclaim seeking a declaration that the '320 patent was invalid and not infringed. Subsequently, Imagineering produced an invoice from its corporate records that reflected that Imagineering had sold two of its rocking chairs more than one year prior to filing its application for the '320 patent; see 35 U.S.C. §102.[1] Imagineering filed a Disclaimer of Patent under 35 U.S.C. § 253 with the U.S. Patent and Trademark Office on March 5, 1993, stating, "Imagineering Inc. herewith disclaims and dedicates to the public the design patent claim for the entire term of the aforesaid United States Patent." App. *infra*, 53a, thereby placing the claimed design, (in which Imagineering was asserting trade dress), in the public domain under the patent laws.

On June 30, 1993, Imagineering first provided Van Klassens with a description of its alleged trade dress. The written description provided by Imagineering, in pertinent part, states:

> Plaintiff's trade dress consists of the overall impression created by the following not listed in any particular order:

---

[1]Imagineering produced this evidence only after Van Klassens requested the deposition of Imagineering's patent counsel who had taken over the prosecution of the rocking chair patent application and had prosecuted it to issuance. Imagineering's response to this request for discovery was to argue ***ex parte*** to the district court that the deposition should not be allowed, see App. *infra*, 11a, and to disclose to the district court the existence of the "on-sale bar".

- use of only prime grade mahogany and teak, such as Honduras mahogany
- superior finishing, utilizing AWLGRIP® paint, particularly white
- utilization of boat building techniques, such as reinforcing joints with Gougeon epoxy using the WEST SYSTEM®
- curved and/or nautical lines to the furniture
- marine epoxy applied to bottoms of the legs together with pads or gliders
- smooth, high gloss appearance due to extensive hand sanding
- mahogany pieces offered in clear coat AWLGRIP®, high gloss white AWLGRIP® (which is stressed), or custom colors
- brass rectangular nameplate, located on the back rail or apron of the furniture
- mortise and tenon joinery
- multiple coats of primer and AWLGRIP® with hand sanding in between each application
- built by highly skilled artisans dedicated and trained in the finest traditions of furniture manufacturing
- photographic composition of advertisements and angles at which the furniture is advertised
- The overall appearance of the furniture both individually and in combination with other pieces, such as:

1) Isleboro Dining Table - a rounded table having 4 tapered legs, a solid apron, a table top having a solid apron, a table top having a solid outer rim with an inner slatted region, available in regular or cocktail sizes

***

4) Jackson Chair - having notched front leg members, a slatted backrest, slatted and scooped seat boards, a winged crest rail, tapered arm rests, leg support members, a rearwardly angled backrest

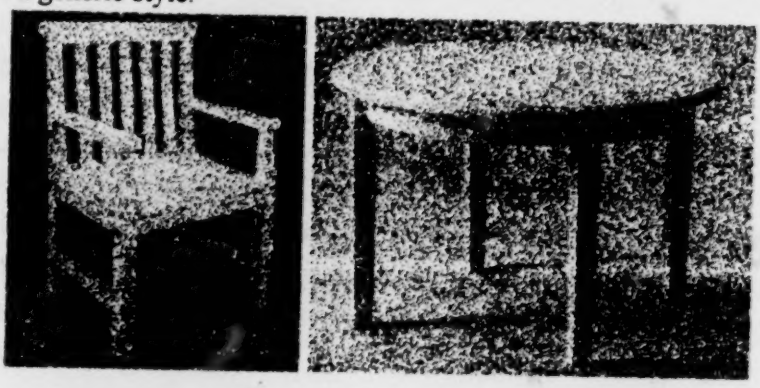
***

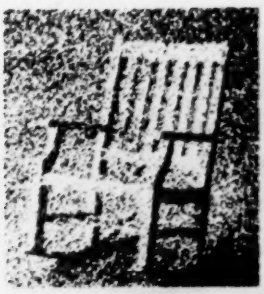
11) Dark Harbor Rocker - having notched front leg members, an angled backrest, tapered arm rests, leg support members, advertisement of and lack of a crazy spot, slatted backrest with the back slats terminating above the seat, scooped and slatted seatboards, a curved backrest

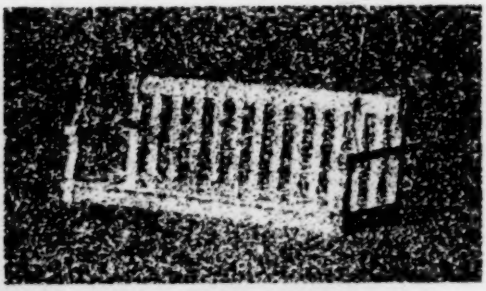
12) South Harbor Chaise Lounge - brass elevator and components, solid white wheels having counter sunken bolts and marine grade non-skid stripping, adjustable backrest, advertised with flat-ribbed sail cloth cushions. available with or without arms, tapered armrests with notched support and slats

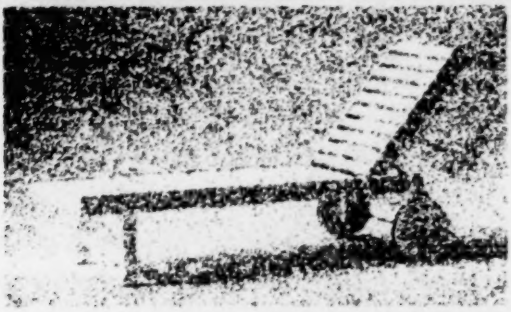
13) Weatherend Swing - having notched from armrest support member, slatted backrest, slatted seatboards, tapered arms, nautical crest rail, angled backrest.

As can be seen by a comparison of the overall appearance of Imagineering's Jackson Chair, Isleboro dining table, Dark Harbor Rocking Chair, Weatherend Swing and Southern Harbor Chaise Lounge, illustrated below, there is an absence of an identifiable trade dress common to Imagineering's line of furniture, which is separate from a generic style.









The overall appearance of these products is different, and the pieces cannot reasonably be viewed as having a common trade dress separate from the style. In fact, as discussed more fully hereinbelow, a majority of these pieces lack anything in common save "wooden slats". Moreover, any features common to each piece of furniture are in the public domain by operation of the patent laws.

Van Klassens maintained throughout trial that it had not copied Imagineering's furniture, that it had independently designed its own furniture out of a desire to produce the same style of furniture seen in Scotland and England. Any similarity between the two competing lines of furniture resulted from the fact that both were the same generic style of furniture. After a three week trial that began on October 27, 1993, the jury reached a verdict on November 15, 1993 finding for Imagineering on its claim of inherently distinctive trade dress, its trade dress infringement claims and false advertising claims.[2] Imagineering dismissed its dilution claim after trial. App.

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[2]While not addressed by the Federal Circuit, Van Klassens asserted on appeal that the jury was improperly charged on the issue of functionality and, improperly, was not given a charge on the asserted genericness of the trade dress.

infra, 20a. Approximately 4 months later, the court entered an Opinion denying Van Klassens' defense of laches. App. *infra*, 30a. On April 4, 1994, the court entered its Final Order and Permanent Injunction. App. *infra*, 20a-23a. On motion by Van Klassens, the Federal Circuit temporarily stayed the injunction, App. *infra*, 17a-18a, but subsequently lifted the stay. App. *infra*, 14a-16a.

Pursuant to the Final Order and Permanent Injunction, Imagineering was awarded, among other things, $4,000,000.00 in punitive damages. App. *infra*, 23a. The Federal Circuit ordered a discretionary remittitur of this amount finding it to be excessive. App. *infra*, 9a-10a.

Pursuant to the Final Order and Permanent Injunction, Van Klassens was enjoined from commercializing furniture which "embodies or resembles" Imagineering's furniture trade dress "as best set forth in Exhibit 'A'". Exhibit A is a collection of photographs of 22 pieces., including the pieces illustrated above, of Imagineering furniture, including tables, chairs, settees, benches, a rocking chair, a chaise lounge and a porch swing. On appeal to the Federal Circuit, the Federal Circuit affirmed the jury's finding that Imagineering's alleged trade dress was "inherently distinctive" and that there was a likelihood of confusion. Moreover, the Federal Circuit stated that the record evidence supported an inference of willful copying. App. *infra*, 7a-10a. Even if it is assumed that Van Klassens copied Imagineering's furniture, which it did not, Van Klassens contends that this is permissible under the patent laws. Further, the Federal Circuit affirmed the District Court's injunction prohibiting Van Klassens from making and selling a furniture design that is unpatented and unpatentable.

Imagineering has succeeded in obtaining through trade dress what it could never have obtained through the patent laws: an unfettered, permanent monopoly over a line of wooden slatted furniture. The failure of the district court and the Federal Circuit to recognize that federal patent law creates a right to copy public domain furniture has resulted in a patent-like monopoly for Imagineering. Moreover, the Federal Circuit ignored this Court's

clear precedent, as well as its own precedent, when it upheld an award of punitive damages for nothing more than the copying of Imagineering's unpatented and unpatentable furniture designs. The uniform system of design patent protection, and the public's right to copy designs not protected by design patents, are frustrated by the inconsistent and conflicting decisions in the judicial circuits. The failure of many of the judicial circuits to recognize and heed the distinctions between the policies of federal patent law and the Lanham Act in fashioning remedies has resulted in an obvious tension between these two bodies of law, namely the granting of patent-like remedies in clear violation of the important right to copy inherent in our system of patent laws.[3] As a result, manufacturers in the slatted, wooden furniture industry are no longer free to copy unpatented or unpatentable product designs for fear of exposing themselves to "trade dress" infringement litigation.[4] Van Klassens seeks review of this direct and irreconcilable conflict among the circuits regarding whether a party can make and sell the unpatented furniture designs of its competitor and whether or not that party can be held liable for compensatory and punitive damages for merely copying the unpatented furniture designs of its competitor.

REASONS FOR GRANTING THE PETITION

I. THE DECISION OF THE FEDERAL CIRCUIT IS IN DIRECT CONFLICT WITH THE DECISIONS OF OTHER CIRCUITS AND THIS COURT'S PRECEDENT.

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[3] "The *conflict* posed by these state laws and the Lanham Act remains the same: whether trademark can be used as a back door to protection properly acquired by a design patent." *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 647, n. 3 (7th Cir. 1993)(Cudahy, J. dissenting).

[4] "What is at stake here is the right to copy the thing itself -- that is to copy its configuration or design. The configuration or design of a product is as generic as the name of the product." *Kohler*, 12 F.3d at 647 (Cudahy, J. dissenting).

A. The injunction against selling the unpatented and unpatentable furniture configurations is in derogation of the "right to copy and use" inherent in federal patent law.

The decision of the Federal Circuit in affirming the district court's injunction enjoining Van Klassens from using Imagineering's trade dress in the unpatented and unpatentable configurations of its furniture is in conflict with this Court's clear precedent and is also in conflict with decisions of the United States Courts of Appeals for the Second Circuit and for the Third Circuit. *Compare Singer Mfg. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165 (1989); *Qualitex Co. v. Jacobson Products Co., Inc.*, 115 S.Ct. 1300 (1995); *Bose Corp. v. Linear Design Labs, Inc.*, 467 F.2d 304, 310 n. 7 (2d Cir. 1972); and, *Merchant & Evans Inc. v. Roosevelt Building Products Co.*, 963 F.2d 628 (3rd Cir. 1992).

The sweeping protection of Imagineering's entire line of Weatherend furniture, which includes furniture in various configurations, sizes and shapes, has the unacceptable effect of removing non-infringing design features from the market. *Coach Leatherware Co. v. AnnTaylor, Inc.*, 933 F.2d 162, 171 (2d Cir. 1991). Van Klassens has been enjoined from commercializing an entire style of furniture, which is in the public domain and that was advertised by Imagineering as being copied from a turn-of-the-century furniture builder. However, "[i]t is a first principle of trademark law that an owner may not use the mark as a means of excluding competition from a substantial market." *Wallace International Silversmiths v. Godinger Silver Art*, 916 F.2d 76 (2d Cir. 1990).

Beginning with *Singer Mfg v. June Mfg. Co.*, 163 U.S. 169 (1896), the Supreme Court has uniformly held that there is a federal

"right to copy" the subject matter of an expired patent. In *Singer*, the Court stated:

> It is self-evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent.

Singer, 163 U.S. at 185 (1896).

In *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225 (1964), Stiffel had design and mechanical patents on a pole lamp. Sears copied Stiffel's pole lamp and sold a substantially identical copy. Stiffel sued Sears for patent infringement and unfair competition under Illinois state law. The district court found the patents to be invalid, but found a likelihood of confusion between the competing lamps and found Sears guilty of unfair competition, enjoined Sears from selling or attempting to sell pole lamps identical to or confusingly similar to Stiffel's lamps and awarded Stiffel damages. The court of appeals affirmed. This Court stated:

> [W]hen the patent expires the monopoly created by it expires, too, and the right to make the article -- including the right to make it in precisely the shape it carried when patented -- passes to the public.

Sears, 376 U.S. at 230. In the present case, Van Klassens has been held liable for making and selling furniture that is "confusingly similar" to Imagineering's furniture, one piece of which is the subject of an invalid patent disclaimed under 35 U.S.C. § 253 because of an "on-sale" bar. Van Klassens, like Sears, has been enjoined from commercializing furniture that embodies the trade dress of

Imagineering's furniture design. However, the design of Imagineering's rocking chair has been dedicated to the public. App. *infra*, 53a.

The rest of the twenty-two pieces of furniture are ineligible for patent protection having been commercially exploited for more than one year. See 35 U.S.C. §102. "An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whomever chooses to do so." *Sears*, 376 U.S. at 231. Further, this Court stated that:

> What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws. That Stiffel originated the pole lamp and made it popular is immaterial. "Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of a right possessed by all -- and in the free exercise of which the consuming public is deeply interested." [citing *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938)]
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> Sears has been held liable here for unfair competition because of a finding of likelihood of confusion based only on the fact that Sears' lamp was copied from Stiffel's lamp and that consequently the two looked exactly alike. ... But because of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying.

Sears, 376 U.S. at 231-232.

Likewise in the *Sears* companion case, *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court stated that:

> A state of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive

> the public by palming off their copies as the original. That an article copied from an unpatented article could be made in some other way, that the design is "nonfunctional" and not essential to the use of either article, that the configuration of the article copied may have a "secondary meaning" which identifies the maker to the trade, or that there may be "confusion" among purchasers as to which article is which or as to who is the maker, may be relevant evidence in applying a State's law requiring such precautions as labeling; however, and regardless of the copier's motives, neither these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.

Compco., 376 U.S. at 238.

As stated above, Van Klassens maintained throughout trial that it had not copied Imagineering's furniture, that it had independently designed its own furniture out of a desire to produce the same type of furniture seen in Scotland and England, and that any similarity between the two competing lines of furniture resulted from the fact that both were the same generic style of furniture. This notwithstanding, the Federal Circuit stated that the record evidence supported an inference of willful copying. App. *infra*, 7a-10a. Even if it is assumed that Van Klassens copied Imagineering's furniture, this fact alone does not support an injunction prohibiting Van Klassens from making and selling the unpatented and unpatentable furniture designs at issue in this case. Even if it is assumed that Van Klassens copied Imagineering's furniture designs, "[t]his it had every right to do under the federal patent laws". *See Sears* 376 U.S. at 231.

In *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), the Supreme Court reaffirmed this principle stating, "For almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and use.'" *Id.* at 165 (emphasis in original). Moreover, this Court reaffirmed that Article I, §8, cl. 8, of the U.S. Constitution

contains not only a grant of Congressional power, but also limitations upon the exercise of that power, stating:

> Congress may not create patent monopolies of unlimited duration, nor may it "authorize the issuance of patents whose effects are to **remove existent knowledge from the public domain**, or to **restrict free access to materials already available**." *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 6 (1966).

Bonito Boats, 489 U.S. at 146 (emphasis added). The Federal Circuit's affirmance of a grant of a patent-like monopoly on twenty-two separate pieces of furniture has the improper effect of removing existent knowledge from the public domain and restricting free access to materials already available. Accordingly, it should not stand.[5]

In *Qualitex Co. v. Jacobson Products Co., Inc.*, 115 S.Ct. 1300 (1995), the Court reaffirmed that "It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§154, 173, after which competitors are free to use the innovation." *Id.* at 1304. In *Hubbell Inc. v. Pass & Seymour, Inc.*, 94 Civ. 7631 (RWS) (SDNY May 18, 1995), the Southern District of New York dismissed this language, and the language that followed, as "dicta" and said that this language was not inconsistent with the proposition that the expiration of a design patent does not preclude a party from seeking to protect its reputation or avoid consumer confusion over products if it can demonstrate the elements of a

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[5]There are at least two cases presently pending in the federal courts as a direct result of the judgments in the present case. In *L. & J.G. Stickley, Inc. v. Canal Dover Furniture Co., Inc. et al.*, 95-CV-492 (FJS) (N.D.N.Y.), the defendants have been preliminarily enjoined from selling a style of furniture popularized at the turn of the century. In *Landscape Forms, Inc. v. Columbia Cascade Company*, App. No. 95-7343 (2nd Cir. 1995) the defendant is seeking review of a preliminary injunction that prohibits the defendant from selling the unpatented design of a park bench. The plaintiff in each case is represented by Imagineering's trial counsel.

Lanham Act, or other nonconflicting unfair competition, claim. Whether the Lanham Act allows a party to protect its reputation or avoid consumer confusion is not the issue. Each party clearly labels its products and advertisements with its own source-indicative trademark. What is at stake is whether that party can obtain perpetual patent-like protection, through the guise of trade dress, over a an entire line of furniture designs.

In *Merchant & Evans Inc. v. Roosevelt Building Products, Inc.*, 963 F.2d 628 (3rd Cir. 1992), the Third Circuit Court of Appeals, (hereinafter, "the Third Circuit"), examined the apparent tension between the federal right to copy and use embodied in the patent laws and the Lanham Act as applied to trade dress in product configurations. The Third Circuit quoted this Court's admonition that:

> First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for free use of the public.

Merchant & Evans, 963 F.2d at 639 (quoting *Aronson v. QuickPoint Pencil Co.*, 440 U.S. 257 (1979). For the rationale behind federal trademark protection, the Third Circuit again looked to this Court's opinion in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189 (1985). The Third Circuit quoted this Court stating:

> The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.

Merchant & Evans, 963 F.2d at 639. Under the patent laws, inventors disclose new, original and ornamental designs for articles of manufacture and in exchange for this disclosure, the patent laws grant the inventor a monopoly for up to fourteen years, after which the design passes into the public domain. *See, e.g., Singer Mfg. Co.*, 163 U.S. at 185 and 35 U.S.C. §§171, 173. The Third Circuit recognized that if "trademark law could be used to extend that monopoly indefinitely upon expiration of a patent, the compromise struck by the patent laws would be thwarted." *Merchant & Evans*, 963 F.2d at 639. Because the purpose of trademark law is to prevent confusion, and not to afford a monopoly to the markholder, the Third Circuit stated that "in general, there is no need to stop the production and distribution of the accused products altogether." *Id.*

In the present case, the Federal Circuit affirmed an injunction that absolutely prohibits Van Klassens from using Imagineering's unpatented and unpatentable furniture designs. One of the pieces in Imagineering's line of furniture is its rocking chair which was the subject of the invalid '320 patent. Imagineering has dedicated the design of this patent to the public. Nevertheless, Imagineering claims that the public is not free to use this design because it now constitutes Imagineering's trade dress. This injunction should not be allowed to stand. As this Court has stated "imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy". *Bonito Boats*, 489 U.S. at 146. The injunction against making products which resemble Imagineering's unpatented and unpatentable furniture designs, which under the patent laws are freely available to the public, impermissibly interferes with the federal policy found in Art. I, §8, cl. 8, of the Constitution, and in the implementing federal statutes, of allowing free access to copy whatever the patent laws leave in the public domain. *Compare Compco*, 376 U.S. at 237.

Clearly consumers have a right to be protected from *confusion as to source* and this is the focus of the Lanham Act. While this focus may result in the creation of "quasi-property rights" in communicative symbols, *see, e.g., Bonito Boats*, 489 U.S. at 157,

the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation.

Of course, it should be noted that *Compco* states that a design may be copied at will if it is "not entitled to a design patent or other federal statutory protection." *Compco*, 376 U.S. at 238. Perhaps, as a result of this reference to "other federal statutory protection," Section 43(a) has been interpreted to create a Federal law of unfair competition. *See* John B. Pegram, *Trademark Protection of Product and Container Configurations*, 81 Trademark Reporter 1, 7-9 (1991).[6] However, in *Bonito Boats*, when this Court reaffirmed the principles behind *Sears* and *Compco*, this Court apparently omitted reference to "other Federal statutory protection". *See Bonito Boats*, 489 U.S. at 153-156. Moreover, this Court took a narrow view of unfair competition law's ability to exclude use of a product configuration and quoted Judge Hand favorably where he wrote:

> [T]he plaintiff has the right not to lose his customers through false representations that those are his wares which in fact are not, but he may not monopolize any design or pattern, however trifling. The defendant, on the other hand, may copy plaintiff's goods slavishly down to the minutest detail: but he may not represent himself as the plaintiff in their sale.

Bonito Boats, 489 U.S. at 157 (quoting *Crescent Tool Co. v. Kilborn & Bishop Co.*, 247 F. 299, 301 (2 Cir. 1917); *see also* Pegram, *supra* at p. 20. In the instant case, both parties clearly label their products and advertising to indicate the furniture's source.

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[6] "[I]n practice, the federalization of trademark law under the Lanham Act appears to have made a successful end run around *Sears/Compco*." Jay Dratler Jr., *Trademark Protection for Industrial Design*, 1988 U. Ill. L. Rev. 887, 923.

B. The assessment of punitive damages under state unfair competition law for selling furniture that is similar to Imagineering's unpatented and unpatentable furniture configurations is in derogation of the "right to copy and use" inherent in federal patent law.

In addition to being enjoined from commercializing the unpatented and unpatentable furniture designs at issue in this case, punitive damages under New York state law were assessed against Van Klassens. While the Federal Circuit vacated the amount as excessive, it affirmed the award of punitive damages. This was contrary to the holdings of this Court in *Sears* and *Compco* and was also in conflict with controlling Second Circuit authority. As stated above, Imagineering's alleged trade dress resides in the three dimensional design of its furniture. These products have either been the subject matter of an invalid design patent, or are now ineligible for patent protection by operation of 35 U.S.C. § 102. In *Litton System, Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1448 (Fed. Cir. 1984), a case where a state unfair competition action was based upon the copying of a three dimensional design subject to design patent protection, the Federal Circuit stated:

> [T]he district court should have considered a preliminary jurisdictional question. The district court, in this case, erred in reaching any element of the state causes of action. The district court should have disposed of these actions, that is, in view of the preemption doctrine as applied in Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964) ("[B]ecause of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying." Id. at 232.), and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964).
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> * * *

> . . . The key to determining whether the Sears and Compco cases prohibit a state action is whether a design is of the type on which a patent may issue.

(emphasis added). Any award of punitive damages is preempted by federal patent law and should have been vacated.

Whereas the Federal Circuit had jurisdiction over the appeal, App. *infra*, 4a, preemption should have been decided with reference to the law of the regional circuit. *Power Lift, Inc. v. Weatherford Nipple-Up Sys., Inc.*, 871 F.2d 1082 (Fed. Cir. 1989). Thus, Second Circuit law controlled the question of what remains to the state under unfair competition in the circumstances of this case. The Second Circuit has stated that:

> The copying of an unpatented machine, even if it caused the public to be confused as to source rather than product would afford relief for unfair competition that would "go no further than to require the defendant to make plain to buyers that the plaintiff was not the source of the machines sold by it." Modern Aids, Inc. v. R. H. Macy & Co., 264 F.2d 93, 94 (2 Cir. 1959).

Bose Corp. v. Linear Design Labs, Inc., 467 F.2d 304, 310 n. 7 (2d Cir. 1972).

Accordingly, in the case at bar preemption should have limited the Court's subject matter jurisdiction over Imagineering's state unfair competition claim to a remedy which went "no further than to require [Van Klassens] to make plain to buyers that [Imagineering] is not the source of the [furniture] sold by it." *Id.* Thus, an award of punitive damages under Imagineering's state unfair competition claim was improper and should be vacated as a matter of law. Accordingly, the judgment should be vacated.

II. THE CONSISTENT NATIONAL SCHEME OF PATENT PROTECTION IS IMPAIRED BY THE DECISION OF THE FEDERAL CIRCUIT.

As stated above, this case is about an alleged trade dress in the configuration of numerous pieces of furniture in a line of furniture. Thus, this is a trade dress in a product configuration case. This case is not about distinctive packaging, product containers or distinctive labeling. The Federal Circuit noted that Imagineering's trade dress consisted of "a nautical look, with wide slats, scooped seat boards and arms, rounded edges, notched and curved legs, and angled backrests." App. *infra*, 2a. These elements are not common to all of the individual pieces of furniture in Imagineering's line of furniture. More importantly, these are not arbitrary embellishments adopted to identify Imagineering's furniture. Instead, these are elements that are necessary to compete in the free market for this style of furniture.[7] This Court recognized in *Qualitex* that:

> [I]f a design's "aesthetic value" lies in its ability to "confe[r] a significant benefit that cannot practically be duplicated by the use of alternative designs," then the design is "functional." Restatement (Third) of Unfair Competition §17, Comment c. pp. 175-176 (1995). The "ultimate test of aesthetic functionality," it explains, "is whether the recognition of trademark rights would significantly hinder competition." *Id.* at 176.

115 S.Ct. at 1306. Granting Imagineering trademark rights in "a nautical look, with wide slats, scooped seat boards and arms, rounded edges, notched and curved legs, and angled backrests", App. *infra*,

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[7]It was disputed at trial whether this style was properly characterized as "English Garden Furniture" or "Arts and Crafts". For purposes of this petition, it matters not what the proper name of the style is, as long as it is recognized that slatted seats, slatted backrests, etc. are necessary to compete in this style.

2a, will not merely hinder competition, it will eliminate competition in this commonplace style of furniture.

Moreover, elements in the design of the furniture that are common to the line are embodied in Imagineering's rocking chair '320 patent which was dedicated to the public by Imagineering. For the Court's convenience, and as a point of reference, Figure 4 of the '320 patent is set forth below[8]:

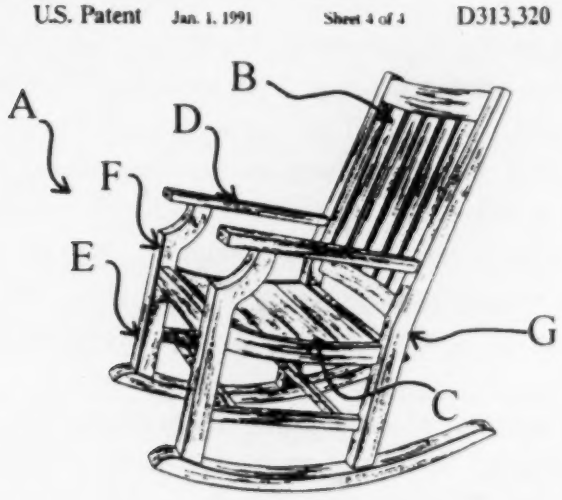

FIG. 4

As can be seen, Imagineering's rocking chair, illustrated above has a nautical[9] look **A**[10], wide slats **B**, scooped seat boards **C**, and arms **D**, rounded edges **E**, notched and curved legs **F**, and an angled

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[8]Alphabetic reference indicators and lead lines have been added to show the monopolized trade dress elements which correspond with the design patent elements dedicated to the public under 35 U.S.C. § 253.

[9]While petitioners respectfully assert that "nautical look" is vague, to the extent that it is common to the line, App. *infra*, 2a, it is embodied in the rocking chair.

[10]Alphabetic reference characters refer to the reference characters in the illustration of Figure 4 of the '320 patent, *supra*.

backrest **G**. As stated above, these are the elements that the Federal Circuit noted that the pieces shared. App. *infra*, 2a. If the trade dress is said to reside in the overall design of the individual pieces of furniture, rather than some arbitrary, source-indicating, embellishment, then that design has been dedicated to the public under 35 U.S.C. § 253 and Imagineering should not as a matter of law be heard to claim it as its trademark. A design that has been dedicated to the public is free for the public to use and as a matter of law cannot serve as an indicator of source. As this Court noted in *Qualitex*, "it is the source-distinguishing ability of a mark – not its ontological status of color, shape, fragrance, word, or sign – that permits it to serve these basic purposes." 115 S.Ct. at 1304.

The Federal Circuit relied on this Court's opinion in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S.Ct. 2753 (1992) for the proposition that inherently distinctive trade dress qualifies for protection from infringement. App. *infra*, 5a. However, the Federal Circuit did not consider whether Imagineering's trade dress in the shape of its furniture could be inherently distinctive, *i.e.* able to identify the particular source of the product by its "intrinsic" nature, *id.*, in view of the dedication of the design of the furniture to the public by operation of the patent laws. Moreover, the trade dress at issue in *Two Pesos*, involved the decor of a restaurant, which is more analogous to trade dress in the packaging and labeling of a product rather than in the shape of the product itself.

While the Federal Circuit affirmed the jury's finding that Imagineering's trade dress is inherently distinctive,[11] it has been noted in past decisions that trade dress in a product's shape is never inherently distinctive. *See, e.g., Kohler*, 12 F.3d at 641 n. 11 ("... a products shape is never inherently distinctive" citing a collection of cases in *McCarthy on Trademarks* § 7.23[2]).[12] There was no survey

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[11] That is, having the ability to "almost *automatically*" tell Imagineering's customers that it "refers to a brand." *See Qualitex*, 115 S.Ct. 1303.

[12] "Unlike verbal marks, industrial designs do not describe anything, they just are." Dratler, *supra*, at 903.

evidence that any number of potential consumer's recognized or relied on any source-indicating qualities of the alleged trade dress. Further, Imagineering did not adopt its design to be an indicator of source. "[William Fisher] had one express intent in founding the company: to **recreate**, in all its fineness of detail, the fabulous furniture he discovered at the [Weatherend] estate." Imagineering affixes a brass plaque to its furniture as an indicator of source, "a sign of assurance - a guarantee that your piece is genuine Weatherend® Estate Furniture..."

Moreover, if a product's color is not "inherently distinctive" and must rely upon acquired distinctiveness, i.e. secondary meaning, *see Qualitex*, 115 S.Ct. at 1303, how then can a product's shape be said to be inherently distinctive. In this regard, in *Qualitex*, this Court stated:

> True, a product's color is unlike "fanciful," "arbitrary," or "suggestive" words or designs, which almost *automatically* tell a customer that they refer to a brand. The imaginary word "Suntost," or the words "Suntost Marmalade," on a jar of orange jam immediately would signal a brand or a product "source"; the jam's orange color does not do so. But, over time, customers may come to treat a particular color on a product or its packaging (say, a color that in context seems unusual, such as pink on a firm's insulating material or red on the head of a large industrial bolt) as signifying a brand. And, if so, that color would have come to identify and distinguish the goods ... .

115 S.Ct. at 1303 (emphasis in original). It is equally true that a product's shape is unlike "fanciful", "arbitrary", or "suggestive" words or designs, which "almost *automatically* tell a customer that they refer to a brand." *Id.* Even if one were to assume that Imagineering's trade dress in the shape of its furniture could be said to be inherently distinctive, under this Court's holdings in *Sears*,

Compco, and *Bonito Boats*, a court could still not properly enjoin the making and selling of similar furniture products.

In order to constitute a recognizable trade dress, Imagineering's trade dress had to be identifiable and common to all of the pieces of furniture alleged to have been infringed. In this regard, in *Walt Disney Co. v. Goodtimes Home Video Corp.*, 830 F.Supp. 762 (SDNY 1993), the plaintiff also claimed trade dress in a line of products. However, the Southern District of New York noted that:

> . . . Disney has a burden which most plaintiffs alleging trade dress infringement do not need to carry. Disney must establish the existence of a recognizable trade dress. That is, Disney must establish that its videocassette packages have a consistent overall look.

Id. at 766. And, the court found that there was not a protectable trade dress stating that:

> [w]hile there are similar packaging features, . . . these similarities, **in light of the differences** . . ., are not sufficient to give the packages an identifiable trade dress.

Id. at 768 (emphasis added). Thus, where trade dress is claimed as to a line of products, plaintiff must show that the trade dress is made up of features which are common to each of the pieces in the line. Even where there are similarities in the pieces in the line, the similarities, in light of the differences, must give rise to an identifiable trade dress shared by all pieces in the line. Imagineering's furniture line does not have a consistent overall look. While there may be similarities in the "nautical look" and in the construction methods, these similarities, in light of the differences, are not sufficient to give the line of furniture an identifiable trade dress. *See also, Harlequin Enters. Ltd. v. Gulf & Western Corp.*, 644 F.2d 946 (2d Cir. 1981). Indeed, in *Harlequin Enters. Ltd.*, both the

district court and the Second Circuit deemed the trade dress to reside only in features common to each book cover in the line. The district court in *Walt Disney Co.* noted that "[u]nlike the package at issue in *Harlequin*..., the format of each of Disney's videocassette packages is different." 830 F.Supp. at 767. While both *Walt Disney* and *Harlequin Enters. Ltd.* are product packaging or labeling cases, it is even clearer that for a trade dress in a product configuration to extend across a line of products, the trade dress must reside only in features common to each product.

In the case at bar, Imagineering alleged that it owned a trade dress common to the 22 pieces of furniture in its line. The absence of any such identifiable trade dress common to Imagineering's line of furniture is clearly illustrated by a comparison of the overall appearance of Imagineering's Isleboro dining table, and Imagineering's Jackson chair, illustrated *supra*. The overall appearance of these two products is totally different, and the pieces cannot reasonably be viewed as having a common trade dress.

More significantly, a review of the photographs attached to the district court's injunction as "Exhibit A", reveals that few, if any, features of Imagineering's furniture can be found in every piece. Imagineering furniture is offered painted or with a natural finish. Even among the painted pieces, a variety of colors are used. In addition, while a "high gloss finish" is identified as a trade dress feature, the teak pieces do not have a high gloss finish. The Federal Circuit stated that Imagineering's line shared a common trade dress and stated that "[t]he twelve pieces of furniture in the WEATHEREND line all share a nautical look, with wide slats, scooped seat boards and arms, rounded edges, notched and curved legs, and angled backrests." App. *infra*, 2a. However, the Federal Circuit only considered twelve of the twenty-two pieces of furniture that are the subject of the injunction. Further, this definition of the trade dress does not withstand comparison with Imagineering's own written description. For example: Imagineering's swing does not have "scooped seat boards", or "notched and curved legs"; Imagineering's chaise lounges do not have "scooped seat boards" or

"notched and curved legs"; neither of the five differently configured tables in the injunction have "scooped seat boards and arms", "notched and curved legs" or "angled backrests"; . As can be seen, the majority of the pieces in the WEATHEREND line lack anything in common save the vague notion of "a nautical look". One piece of furniture in the WEATHEREND line that incorporates each of these design elements is the rocking chair. Of course the design of the rocking chair has been dedicated to the public. App. *infra*, 53a.

The only thing thematically consistent in the WEATHEREND line is that the pieces are of the same style. Imagineering should not be allowed exclusive rights under the Lanham Act to a style of furniture long known in the industry and which is aesthetically functional. The effect of the injunction is to impede competition in the industry for this style of furniture or even for furniture with a "nautical look". The purpose of the Lanham Act is not to shield Imagineering from competition in this style of furniture.[13] Yet, that is precisely the effect of the injunction.

In *Wallace International Silversmiths v. Godinger Silver Art*, 916 F.2d 76 (2d Cir. 1990), the Second Circuit stated:

> [W]e are confident that whatever secondary meaning Wallace's baroque silverware pattern may have acquired, Wallace may not exclude competitors from using those baroque design elements necessary to compete in the market for baroque silverware. It is a first principle of trademark

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[13]The purpose of the Lanham Act is to protect consumers from confusion. *See, e.g., Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. at 198. While the Federal Circuit affirmed a finding of a likelihood of confusion, it is important to note that after six years of unrestrained competition, Imagineering was unable to present evidence of even a single instance in which a consumer purchased Van Klassens furniture believing it to be Imagineering furniture. Nor did Imagineering present any survey evidence on the issue of confusion. Moreover, this Court has stated that confusion cannot furnish a basis for prohibiting the actual acts of copying and selling unpatented and unpatentable products. *See, generally, Sears* and *Compco, supra*.

> law that an owner may not use the mark as a means of excluding competitors from a substantial market.
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> In the instant matter, Wallace seeks trademark protection, not for a precise expression of a decorative style, but for basic elements of a style that is part of the public domain. As found by the district court, these elements are important to competition in the silverware market. We perceive no distinction between a claim to exclude all others from use on silverware of basic elements of a decorative style and claims to generic names, basic colors or designs important to a product's utility. In each case, trademark protection is sought, not just to protect an owner of a mark in informing the public of the source of its products, but also to exclude competitors from producing similar products.

Wallace, 916 F.2d at 81.

The Federal Circuit's opinion affirming the district court's injunction restraining Van Klassens from commercializing this style of furniture excludes Van Klassens from the market for this style of furniture. Contrary to the Second Circuit's holding in *Wallace*, Imagineering has been given trademark protection, "not for a precise expression of a decorative style, but for basic elements of a style that is part of the public domain". Imagineering should not be granted a perpetual, patent-like monopoly over twenty-two pieces of furniture that lack a common, source-identifying trade dress. Further, the implications of this injunction extend beyond the parties to this action. Third party manufacturers of this style of furniture must view this injunction with no small amount of trepidation. Van Klassens and the industry remain uninformed as to what Imagineering considers its trade dress to be and as to the acts being restrained. The injunction is of questionable utility in defining the parameters of prohibited conduct. The injunction provides no notice to other competitors in this style of furniture as to how to design furniture in this style without infringing Imagineering's "trade dress".

Thus, it will have the undesirable effect of deterring competition in furniture that may bear some resemblance to products already in the market. *See e.g. Lon Tai Shingh Co. v. Koch + Lowy*, 19 USPQ2d 1081, 1110 (SDNY 1990).

Moreover, granting patent-like protection to products that are unpatented and unpatentable, and therefore in the public domain, frustrates the public policy of notice inherent in the patent laws. Given the lack of a common, recognizable trade dress in Imagineering's line and the lack of any description or definition of Imagineering's trade dress, Imagineering's competitors in the English garden furniture industry are left without guidance as to what Imagineering considers its property and are therefore unable to effectively compete without exposing themselves to the risk of "trade dress" litigation. The effect of this injunction is not only to shield Imagineering from competition from Van Klassens, but, likely, from an entire industry. Granting Imagineering exclusive rights in these unpatented and unpatentable furniture designs frustrates the policy of public notice in the patent laws. As this Court stated in *Bonito Boats*:

> The federal patent scheme provides a basis for the public to ascertain the status of the intellectual property embodied in any article in general circulation. Through the application process, detailed information concerning the claims of the patent holder is compiled in a central location. See 35 U.S.C. §111-114. The availability of damages in an infringement action is made contingent upon affixing a notice of patent to the protected article. 35 U.S.C. §287. The notice requirement is designed "for the information of the public," [citation omitted], and provides a ready means of discerning the status of the intellectual property embodied in an article of manufacture or design. The public may rely upon the lack of notice in exploiting shapes and designs accessible to all.

489 U.S. at 161-162. In the instant case, if the judgment of the Federal Circuit is allowed to stand, the ability of the public to readily discern the status of any intellectual property embodied in an article of manufacture or design will be irreparably impaired. The public will not be able to rely upon the lack of notice in order to exploit shapes and designs that the patent laws make accessible to all.

CONCLUSION

As this Court noted in *Bonito Boats*, Congress has, despite "sustained criticism," refused to "alter the patent protections presently available for industrial designs." 489 U.S. at 168. "It is for Congress to determine if the present system of design ... patents is ineffectual in promoting the useful arts in the context of industrial designs." *Id.* By offering "patent-like protection" for furniture designs "deemed unprotected under the present federal scheme" the Federal Circuit's affirmance of the injunction and award of compensatory and punitive damages "conflicts with the 'strong federal policy favoring free competition in ideas which do not merit patent protection.'" *Id.* For the reasons set forth above, a writ of certiorari should issue to review the judgment and opinion of the Federal Circuit.

Respectfully submitted

Robert E. Pitts, Esq. *
Raymond E. Stephens, Esq.
PITTS & BRITTIAN, P.C.
P.O. Box 51295
Knoxville, Tennessee 37950-1295
(615) 584-0105
Attorneys for Petitioners

July 24, 1995

United States Court of Appeals for the Federal Circuit

94-1286,-1339,-1340,-1343

IMAGINEERING, INC.,

Plaintiff-Appellee,

v.

VAN KLASSENS, INC. AND ROBERT LUKINGBEAL,

Defendants-Appellants,

and

PITTS & BRITTAIN, P.C.,
and
ROBINSON, BROG, LEINWAND, REICH, GENOVESE & GLUCK, P.C.,

Sanctioned Parties-Appellants.

DECIDED: April 24, 1995

Before NEWMAN, *Circuit Judge*, BENNETT, *Senior Circuit Judge*, and RADER, *Circuit Judge*.

RADER, *Circuit Judge*.

Imagineering, Inc. sued Van Klassens, Inc. and its founder, Robert Lukingbeal for trade dress infringement, false advertising, unfair competition, and trade dress dilution. The jury found that Van Klassens infringed Imagineering's inherently distinctive trade dress. The jury also found that Van Klassens advertised falsely and competed unfairly. The jury awarded Imagineering compensatory damages of $860,000 and punitive damages of $4 million. *Imagineering, Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 1-2 (S.D.N.Y. Apr. 4, 1994) (Final Order and Permanent Injunction). The trial court sanctioned Van

Klassens and its counsel for three procedural improprieties. *Imagineering, Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 6, 14, 25 (S.D.N.Y. Sept. 8, 1993). The trial court also denied Van Klassens' request for attorney fees incurred in defending itself against a design patent infringement suit that Imagineering brought and voluntarily withdrew. *Imagineering, Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 2 (S.D.N.Y. Oct. 7, 1993) (Endorsement).

Because the jury's findings are correct based on the evidence, this court affirms the verdict of trade dress infringement. Because the amount of the punitive damages award was arbitrary and excessive, this court vacates the award and remands for entry of a remittitur. Because the trial court abused its discretion, this court reverses the sanctions against Van Klassens and its counsel. Finally, because the trial court did not abuse its discretion, this court affirms the denial of Van Klassens' motion for attorney fees.

BACKGROUND

Imagineering has manufactured and sold WEATHEREND estate furniture since 1983. The furniture's name denotes its inspiration: chairs and tables created by architect Hans Heistad in 1913 for a Maine estate called "Weatherend. " The twelve pieces of furniture in the WEATHEREND line all share a nautical look, with wide slats, scooped seat boards and arms, rounded edges, notched and curved legs, and angled backrests. Imagineering builds its WEATHEREND furniture from solid Honduras mahogany, using West System glue, Awlgrip paint, and epoxy. Imagineering advertises the WEATHEREND line aggressively. Numerous trade journals have given WEATHEREND favorable reviews.

Robert Lukingbeal founded Van Klassens in 1986. In 1987, Van Klassens began to make and sell "English garden furniture" very similar to Imagineering's WEATHEREND line. In November 1987, Imagineering accused Van Klassens of violating section 43(a) of the Lanham Act, 15 U.S.C. § 1125 (1988), and threatened legal action. Van Klassens responded by asserting its right to make and sell its furniture. Imagineering did not take immediate legal action.

In 1991, Imagineering obtained U.S. Design Patent No. 313,320 (the '320 patent) for its WEATHEREND rocking chair. In January 1992, Imagineering sued Van Klassens. Imagineering alleged design patent infringement, trade dress infringement, and false advertising under section 43(a) of the Lanham Act, and unfair competition and trade dress dilution under New York law. Van Klassens denied infringement and asserted invalidity of the '320 patent.

In October 1992, Van Klassens counterclaimed for a declaratory judgment of invalidity and noninfringement of the '320 patent. Admitting the invalidity of the '320 patent, Imagineering withdrew its patent infringement claim in February 1993. Van Klassens did not withdraw its declaratory judgment counterclaim. In September 1993, the trial court dismissed the declaratory judgment counterclaim, over Van Klassens' objection. The trial court sanctioned Van Klassens for (1) refusing to withdraw the counterclaim voluntarily; (2) moving to compel the deposition of the attorney who prosecuted the '320 patent to issuance; and (3) filing a motion to dismiss or transfer on grounds of personal jurisdiction and venue. After Imagineering admitted invalidity of the '320 patent, Van Klassens requested attorney fees under 35 U.S.C. § 285 (1988) to redress Imagineering's attempts to enforce an invalid patent. The trial court denied this request before trial. *Imagineering, Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 2 (S.D.N.Y. Oct. 7, 1993) (Endorsement).

After a three-week trial, the jury awarded Imagineering $860,000 in compensatory damages for willful trade dress infringement, false advertising, and unfair competition. The jury also awarded Imagineering $4 million in punitive damages. The trial court awarded Imagineering $250,000 in "enhanced" Lanham Act damages under 15 U.S.C. § 1117(a)(1988), $44,251.11 in sanctions, $659,789.50 in attorney fees, and $54,603.97 in taxable costs. The trial court also permanently enjoined Van Klassens from advertising or selling furniture "sufficiently similar" to be confused with WEATHEREND furniture; from advertising comparisons between Van Klassens' and Imagineering's furniture; and from of unfairly competing" with Imagineering in any manner. *Imagineering, Inc. v. Van Klassens, Inc.*,

No. 92-CV-751, slip op. at 2-6 (S.D.N.Y. Apr. 4, 1994) (Final Order and Permanent Injunction). Van Klassens appeals.

DISCUSSION

I.

The governing statute, 28 U.S.C. § 1295(a)(1) (1988), gives this court appellate jurisdiction over cases that arise under the Patent Act, 35 U.S.C. §§ 1-307 (1988). This court also has appellate jurisdiction over claims under the Lanham Act, 15 U. S. C. §§ 105 1 - 1127 (1988), that are pendent to claims under the Patent Act. 28 U.S.C. § 1295(a)(1) (1988); *see CPG Prods. Corp. v. Pegasus Luggage. Inc.*, 776 F.2d 1007, 1011, 227 USPQ 497, 499 (Fed. Cir. 1985) (exercising appellate jurisdiction over Lanham Act claims pendent to Patent Act claims). Therefore, this court has jurisdiction over this appeal only if the case below included a claim arising under the Patent Act.

Imagineering's complaint as filed included a claim for design patent infringement. Before trial, however, Imagineering dropped this claim, and the trial court dismissed Van Klassens' declaratory judgment patent counterclaim. Nonetheless, a claim arising under patent law remained in the case. Under 35 U.S.C. § 285, Van Klassens claimed attorney fees incurred in its defense against the patent. Section 285 authorizes fee awards " in exceptional cases. " Since section 285 appears in title 35 and was enacted as a part of United States patent law, the question whether a case is exceptional within the meaning of section 285 arises under the Patent Act. Accordingly, this court may consider Van Klassens' appeal.

II.

To prevail in an action for trade dress infringement under the Lanham Act, a plaintiff must prove (1) that its mark is inherently distinctive or has acquired distinctiveness through a secondary meaning, and (2) that a likelihood of confusion exists between its product and the defendant's. *Two Pesos, Inc. v. Taco Cabana, Inc,*, 112 S. Ct. 2753, 2758 (1992).

This court reviews the jury's factual finding that trade dress is inherently distinctive, or has acquired a secondary meaning, for substantial evidence. *See Braun, Inc. v. Dynamics Corp. of Am.*, 975

F.2d 815, 825, 24 USPQ2d 1121, 1129-30 (Fed. Cir. 1992). Because trade dress issues are not unique to the exclusive jurisdiction of the United States Court of Appeals for the Federal Circuit, this court defers to the law of the regional circuit in which the district court sits. *See KeyStone Retaining Wall Sys., Inc. v. Westrock, Inc.*, 997 F.2d 1444, 1447, 27 USPQ2d 1297, 1300 (Fed. Cir. 1993).

The jury found that Imagineering's WEATHEREND furniture has an inherently distinctive trade dress. Trade dress "'involves the total image of a product and may include features such as size, shape, color or color combinations, texture, graphics, or even particular sales techniques.'" *Two Pesos*, 112 S. Ct. at 2755 n.1 (quoting *John H. Harland Co. v. Clarke Checks*, Inc., 711 F.2d 966, 980 (11th Cir. 1983)). Inherently distinctive trade dress qualifies for protection from infringement. *Two Pesos*, 112 S.Ct. at 2756-57. Trade dress is inherently distinctive when, by its "intrinsic nature," it identifies the particular source of a product. *Id.*

Several witnesses, including Imagineering's chairman and its furniture design witness, testified that the WEATHEREND furniture possesses a coherent "total image," comprising wide slats, scooped seat boards and arms, rounded edges, notched and curved legs, and angled backrests, among other distinctive attributes. The record also showed that upon entry of the WEATHEREND furniture into the market, it received wide media coverage. Design magazines and trade journals published many editorials commenting on the WEATHEREND line. These magazines often used photographs of WEATHEREND furniture in pictorials as well. These accounts hailed the WEATHEREND furniture as "novel," "exclusive," and "outdoor classics." An interior design competition also recognized the WEATHEREND line which was also featured in the Cooper-Hewitt Museum.

Witnesses at trial also testified that Imagineering's WEATHEREND line was unlike any other furniture yet produced. Van Klassens' largest dealer testified at trial that he had "not seen anything like" Imagineering's furniture. Imagineering's design witness testified that WEATHEREND had a "totally different look" that was new to the market.

In sum, the record contained considerable evidence about the inherent distinctiveness of the WEATHEREND line. The record showed that the WEATHEREND furniture's singular appearance identified Imagineering as the furniture's source. Thus the record evidence supports the jury's finding of inherent distinctiveness.

III.

The jury found that Van Klassens infringed Imagineering's trade dress because Van Klassens created a likelihood of confusion between the products. Applying the law of the United States Court of Appeals for the Second Circuit, this court reviews the jury's ultimate finding of likelihood of confusion de novo. *Gruner + Jahr USA Publishing v. Meredith Corp.*, 991 F.2d 1072, 1077, 26 USPQ2d 1583, 1586 (2d Cir. 1993).

The Second Circuit has identified a test of eight non-exclusive factors bearing on likelihood of confusion:

> [1] the strength of [the] mark, [2] the degree of similarity between the two marks, [3] the proximity of the products, [4] the likelihood that the prior owner will bridge the gap, [5] actual confusion, [6] and the reciprocal of defendant's good faith in adopting its own mark, [7] the quality of defendant's product, and [8] the sophistication of the buyers.

Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495, 128 USPQ 411, 413 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). Though Polaroid was a trademark case, the test for likelihood of confusion applies equally to trade dress cases. *Paddington Corp. v. Attiki Importers & Distribs, Inc.*, 996 F.2d 577, 584, 27 USPQ2d 1189, 1193 (2d Cir. 1993). The jury's resolution of each Polaroid factor is a factual finding, which this court reviews for clear error. *Gruner + Jahr*, 991 F.2d at 1077. "[E]ach factor must be evaluated in the context of how it bears on the ultimate question of likelihood of confusion as to the source of the product." Lois *Sportswear, U.S. A., Inc. v. Levi Strauss & Co.*, 799 F. 2d 867, 872, 230 USPQ 831, 834 (2d Cir. 1986).

On the first factor, the record showed the strength of Imagineering's trade dress. For instance, the trade press often referred to WEATHEREND as distinctive. Moreover Imagineering has bolstered its mark's strength through widespread advertising. The furniture industry recognizes the WEATHEREND image.

On the second factor, the record disclosed the striking similarity between Van Klassens' and Imagineering's products. Beyond the photographs and descriptions in the record, a furniture expert testified at trial that he could not distinguish Van Klassens' furniture from Imagineering's even from only three feet away. The dimensions of Van Klassens' furniture are generally within half an inch of Imagineering's.

On the third factor, Imagineering's and Van Klassens' furniture move in the same channels of trade. For instance, both advertise in the same publications.

On the fourth factor, little or no gap remains to be bridged between the products. Van Klassens' furniture is practically identical in appearance to Imagineering's WEATHEREND line. As noted earlier, even a trained expert could not detect differences.

On the fifth factor, the record shows actual confusion. Imagineering's employees, independent agents, and customers testified about confusing Van Klassens' furniture for Imagineering's. Even Mr. Lukingbeal, Van Klassens' founder, testified that in 1987 he received calls from former WEATHEREND dealers and representatives who thought Van Klassens was also a WEATHEREND dealer. Because dealers and experts are more sophisticated about the origins and sources of products lines than average consumers, their confusion is "highly probative on the question of whether a likelihood of confusion exists." *Berkshire Fashions, Inc. v. Sara Lee Corp.*, 725 F. Supp. 790, 796-97, 14 USPQ2d 1124, 1129 (S.D.N.Y. 1989), *affd*, 904 F.2d 33 (2d Cir. 1990) (table).

On the sixth factor, the record evidence shows that Van Klassens lacked good faith in adopting Imagineering's trade dress. Mr. Lukingbeal admitted he read many publications that had profiled Imagineering. In addition, other principals within the Van Klassens organization knew of Imagineering's furniture designs. Indeed a witness

for Van Klassens admitted that the company had a copy of Imagineering's 1989 catalog when it developed three pieces of furniture. When Van Klassens developed a fourth piece of its furniture, it possessed Imagineering's blueprints for the very same piece in the WEATHEREND line. This evidence showed that Van Klassens developed its practically identical furniture with full knowledge of Imagineering's designs.

Trying to show good faith, Mr. Lukingbeal testified that his inspiration for Van Klassens' furniture was a trip he took to Cawdor Castle in Scotland in 1964. A review of the Castle's records showed during trial, however, that the Castle was closed to the public in 1964. The uncanny resemblance between Van Klassens' furniture and Imagineering's WEATHEREND line, coupled with Van Klassens' admitted knowledge of Imagineering's trade dress, supports an inference of bad faith by Van Klassens. *See Paddington*, 996 F.2d at 587.

On the seventh factor, the record disclosed that Van Klassens' product quality was drastically lower than Imagineering's. Witnesses testified that Van Klassens used "garbage wood" that literally "came apart" during testing. Other witnesses noted that Van Klassens' joinery that was "absolutely terrible." By contrast, a furniture expert testified that Imagineering possessed a high level of quality control, used "excellent parts," and produced a "quality product." Imagineering quite reasonably may have feared, based on the record evidence, that consumers would attribute any perceived inferior quality of Van Klassens' products to Imagineering's, thus damaging Imagineering's reputation and image. See *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 989, 27 USPQ2d 1516, 1519 (Fed. Cir. 1993).

On the eighth and final factor, the record shows that the buyers of Imagineering's and Van Klassens' furniture are sophisticated. While a sophisticated purchaser might more easily discern distinctions between Van Klassens' and Imagineering's furniture, the record in this case shows that even a trained furniture salesman could not distinguish the two products.

Taken together, the eight factors strongly support the jury's finding of trade dress infringement. After review of the record evidence associated with these factors, this court affirms the jury's finding.

IV.

Imagineering received $4 million in punitive damages for its state law unfair competition claim, over four times the $860,000 compensatory damage award. New York common law permits punitive damage awards for the tort of unfair competition. Under New York law, such awards require a showing of conduct amounting to "gross, wanton, or willful fraud or other morally culpable conduct." *Borkowski v. Borkowski*, 355 N.E.2d 287, 287 (N.Y. 1976); *accord Getty Petroleum Corp. v. Island Transp. Corp.*, 878 F.2d 650, 657, 11 USPQ2d 1334, 1340 (2d Cir. 1989). The jury properly awarded punitive damages for Van Klassens' willful conduct. The amount of the award, however, was excessive. This court thus requires a remittitur.

Federal appellate courts may review jury awards of punitive damages based on state law claims. *See Getty Petroleum Corp. v. Island Transp. Corp.*, 862 F.2d 10, 14, 8 USPQ2d 1687, 1690-91 (2d Cir. 1988) (finding punitive damage award "grossly disproportionate" and ordering remittitur on remand in unfair competition case), *cert. denied Getty Petroleum Corp. v. Salen Heat & Petroleum,* 490 U.S. 1006 (1989). The reviewing court must "'keep a verdict for punitive damages within reasonable bounds considering the purpose to be achieved as well as the mala fides of the defendant in the particular case.'" *Lanfranconi v. Tidewater Oil Co.*, 376 F.2d 91, 97 (2d Cir.) (quoting *Faulk v. Aware, Inc.*, 244 N.Y.S.2d 259, 266 (App. Div. 1963), *affd,* 200 N.E.2d 778 (1964), *cert. denied,* 380 U.S. 916 (1965)), *cert. denied,* 389 U.S. 951 (1967). A punitive damage award "must bear a reasonable relationship to plaintiff's injury and defendant's malicious intent. " *Getty*, 862 F.2d at 14. Accordingly, this court must inquire to ensure that the punitive damages do not exceed "that amount reasonably necessary to secure the purposes of such awards, and thus to become in part a windfall to the individual litigant." *Aldrich v. Thomson McKinnon Sec., Inc.*, 756 F.2d 243, 249 (2d Cir. 1985).

The record evidence shows that Van Klassens' total sales were at most only $1.49 million. *Imagineering, Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 16 (S.D.N.Y. Mar. 30, 1994). These total sales provide a baseline for assessing Van Klassens' conduct. In light of these sales, the jury awarded Imagineering $860,000 in compensatory damages, to which the trial court added an additional $1,008,815.02 in "enhanced" damages, attorney fees, sanctions, and costs. The total judgment against Van Klassens was $5,868,815.02. The $4 million punitive damage award was nearly 500% of compensatory damages. This amount exceeds a reasonable relationship to Imagineering's injury. Furthermore, while the record supported a finding of bad faith against Van Klassens, the evidence hardly justified a finding of conduct so malicious as to warrant increasing damages more than 400%. Under these circumstances, the punitive damages award confers upon Imagineering a "windfall" recovery. *See Aldrich*, 756 F.2d at 249. This court therefore vacates the jury's punitive damage award and remands for application of a remittitur in an amount set by the United States District Court for the Southern District of New York. *Cf. Getty*, 862 F.2d at 14.

V.

The trial court sanctioned Van Klassens for three alleged procedural improprieties. This court reviews the sanctions for abuse of discretion. *Caisse Nationale de Credit Agricole-CNCA v. Valcorp, Inc.*, 28 F.3d 259, 264 (2d Cir. 1994).

First, the trial court sanctioned Van Klassens and its counsel for failing to withdraw Van Klassens' declaratory judgment counterclaim for design patent invalidity. *Imagineering Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 6 (S.D.N.Y. Sept. 8, 1994). Based on the record evidence, the trial court abused its discretion. Imagineering consented to Van Klassens' amendment of its Answer to include the declaratory judgment counterclaim, as the trial court acknowledged. When Imagineering admitted that the '320 patent was invalid, Imagineering dismissed its patent claims and asked Van Klassens to withdraw its counterclaim. Had Van Klassens done so without a stipulation as to invalidity, which Imagineering refused to

provide, Van Klassens would have waived any objections to errors the trial court might have made concerning issues in the counterclaim. *Cf. United States v. Procter & Gamble Co.*, 356 U.S. 677, 680 (1958). Specifically, Van Klassens would have waived objections to the trial court's denial of its motion for attorney fees under 35 U.S.C. § 285. The trial court abused its discretion by sanctioning Van Klassens for its refusal to take an action that would hamper its own defense.

Second, the trial court sanctioned Van Klassens for moving to compel the deposition of Susan Gullotti, the attorney who prosecuted the '320 patent. *Imagineering, Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 14 (S.D.N.Y. Sept. 8, 1993). When Van Klassens requested Ms. Gullotti's deposition, she argued *ex parte* to the court on February 8, 1993, that she should not be deposed. Van Klassens received a copy of this communication in May 1993. At that time Van Klassens sought an opportunity to be heard, and the trial court granted Van Klassens permission to brief the question about the need to depose Ms. Gullotti.

Nonetheless, on September 8, 1993, the trial court sanctioned Van Klassens for moving to compel Ms. Gullotti's deposition. As noted, the court had previously granted Van Klassens permission to brief this issue. Making a motion can hardly be construed as inconsistent with briefing concerning the issue. The trial court abused its discretion by sanctioning Van Klassens for accepting the court's invitation to make this argument.

Finally, the trial court sanctioned Van Klassens' counsel under Fed. R. Civ. P. 11 for filing a motion to dismiss for lack of jurisdiction and improper venue. *Imagineering, Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 25 (S.D.N.Y. Sept. 8, 1993). Van Klassens based its motion to dismiss on the New York long-arm statute -- N.Y. Civ. Prac. L. & R. 302(a)(1) and (2) (McKinney 1990).* The trial court

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*Section 302(a)(1) permits New York courts to exercise personal jurisdiction over non-residents who transact business within New York State or contract to supply goods in the state. Section 302(a)(2) permits New York courts to exercise personal jurisdiction over nonresidents who commit a tortious act within New York State.

mistakenly believed that Van Klassens' motion relied solely on section 302(a)(2) and sanctioned Van Klassens for citing cases construing section 302(a)(1) in the motion. Van Klassens in fact partly based its motion on section 302(a)(1). The trial court misconstrued Van Klassens' motion and sanctioned Van Klassens and its counsel. This abuse of discretion also warrants reconsideration.

V.

This court reviews the trial court's denial of Van Klassens' motion for attorney fees under 35 U.S.C. § 285 for an abuse of discretion. *Cambridge Prods., Ltd. v. Penn Nutrients, Inc.*, 962 F.2d 1048, 1050, 22 USPQ2d 1577, 1579 (Fed. Cir. 1992). Discretion "is abused if the record contains no basis on which the district court rationally could have made its decision or if the judicial action is arbitrary, fanciful or clearly unreasonable." *PPG Indus., Inc. v. Celanese Polymer Specialties Co.*, 840 F.2d 1565, 1572, 6 USPQ2d 1010, 1016 (Fed. Cir. 1988).

To prevail, Van Klassens had to show by clear and convincing evidence that Imagineering's conduct was exceptional. *Reactive Metals and Alloys Corp. v. ESM, Inc.*, 769 F.2d 1578, 1582, 226 USPQ 821, 824 (Fed. Cir. 1985). Specifically, Van Klassens had to prove that Imagineering brought the patent infringement action in bad faith. *See id.* "[B]ased upon the affidavits submitted by [Imagineering]," the trial court discerned no sense in which Imagineering acted "either unreasonably or in bad faith" by bringing its patent infringement claim. *Imagineering, Inc. v. Van Klassens, Inc.*, No. 92-CV-751, slip op. at 2 (S.D.N.Y. Oct. 7, 1993) (Endorsement). Based on the standard announced in *PPG Industries*, the trial court did not abuse its discretion by denying Van Klassens fees.

CONCLUSION

This court affirms the jury verdict of trade dress infringement; vacates the punitive damage award and remands for entry of a remittitur; reverses the trial court's imposition of sanctions on Van Klassens and its counsel; affirms the trial court's denial of Van Klassens' motion for attorney fees under 35 U.S.C. § 285; and affirms

in all other respects (after considering Van Klassens' remaining issues on appeal).

COSTS

Each party shall bear its own costs.

AFFIRMED-IN-PART, REVERSED-IN-PART, VACATED-IN-PART, and REMANDED WITH INSTRUCTIONS

United States Court of Appeals for the Federal Circuit

94-1286

IMAGINEERING, INC.,

Plaintiff-Appellee,

v.

VAN KLASSENS, INC.
and
ROBERT LUKINGBEAL,

Defendants-Appellants,

ON MOTION

Before NEWMAN, Circuit Judge, COWEN, Senior Circuit Judge, and MAYER, Circuit Judge.

MAYER, Circuit Judge.

ORDER

Van Klassens, Inc. and Robert Lukingbeal (Van Klassens) move for a stay, pending appeal, of the execution of the judgment and of the April 4, 1994 order of the United States District Court for the Southern District of New York (1) permanently enjoining Van Klassens, Inc. from selling certain furniture that infringes Imagineering, Inc.'s trade dress, (2) ordering Van Klassens to destroy any furniture in its possession that infringes, and (3) providing inquiring customers with Imagineering's name and telephone number. Imagineering opposes. Imagineering also moves to dismiss or transfer to the United States Court of Appeals for the Second Circuit. The court is awaiting Van Klassens' response.

The transfer issue has not been fully briefed and is not ready for decision. However, because of the nature of the injunction, we proceed with deciding the motion for a stay, pending appeal, at this time. If we

ultimately decide to transfer the appeal, our ruling on the motion for a stay will cease to have effect and any further proceedings will be before the Second Circuit.

In deciding whether to grant a stay, pending appeal, this court applies the traditional stay factors. *Standard Havens Products v. Gencor Industries*, 897 F.2d 511, 513 (Fed. Cir. 1990). A stay is appropriate when movant establishes that it has a strong likelihood of success on the merits, or when failing that, it demonstrates a substantial case on the merit provided the other factors militate in its favor. *Hilton v. Branskill*, 481 U.S. 770, 778 (1987).

With regard to that part of the injunction that enjoins Van Klassens from selling the infringing furniture, Van Klassens has failed to demonstrate either a strong or substantial case that it is likely to succeed on the merits. This was a jury trial where the jury returned a special verdict finding, inter alia, Imagineering's trade dress inherently distinctive, a likelihood of confusion as to the source of Van Klassens' goods, and willful conduct. Van Klassens does not argue that the jury's determinations were unsupported; rather, Van Klassens focuses its arguments on Imagineering's failure to prove protectable trade dress common to its line of furniture, as opposed to individual pieces, and its failure to prove that elements of the furniture style were not in the public domain. We are not persuaded by Van Klassens' arguments, which are not focused on the jury verdict. In sum, Van Klassens has not made a sufficient showing of likelihood of success on the merits. Accordingly, we do not grant a stay of that part of the order enjoining Van Klassens from selling the infringing furniture.

Van Klassens also argues that the scope of the injunction is overly board. With regard to those portions that direct Van Klassens to destroy furniture and to direct its inquiring customers to Imagineering, we agree. Neither party discusses these aspects of the injunction in depth. Postponing the destruction of furniture will preserve the status quo either for a merits panel of this court or for the Second Circuit. Particularly if this court transfers this appeal, we do not wish to have irreversible actions taken. Relying on that premise, we also stay execution of the judgment for an interim period. Van Klassens states

that it will be forced to declare bankruptcy should Imagineering attempt to collect the judgment. Imagineering responds that this statement, standing without affidavit, is insufficient. Imagineering also points out that Van Klassens has not stated if a partial bond could be posted and has not offered any other way to secure any portion of the judgment. Accordingly, we stay execution of the judgment for 21 days. Within that period, the parties should confer and attempt to reach an agreement regarding security. Failing that, each party should submit a response setting forth its recommendations for security.

Accordingly,
IT IS ORDERED THAT:

(1) Van Klassens' motion for a stay, pending appeal, of that part of the injunction that enjoins selling of the infringing furniture is denied.

(2) Van Klassens' motion for a stay, pending appeal, of that part of the injunction that directs it to destroy furniture and direct customers to Imagineering is granted.

(3) Execution of the judgment is stayed for 21 days.

FOR THE COURT

H. Robert Mayer
Circuit Judge
Dated: June 3, 1994

United States Court of Appeals for the Federal Circuit

94-1286

IMAGINEERING, INC.,

Plaintiff-Appellee,

v.

VAN KLASSENS, INC.
and
ROBERT LUKINGBEAI,

Defendants-Appellants,

ON MOTION

Before CLEVENGER, Circuit Judge.

ORDER

Van Klassens, Inc. and Robert Lukingbeal (Van Klassens, Inc.) submit a motion for a stay, pending appeal, of the April 4, 1994 order of the United States District Court for the Southern District of New York permanently enjoining Van Klassens, Inc. from selling, advertising, and promoting furniture which "embodies or resembles Imagineering's WEATHEREND Estate Furniture trade dress." The April 4, 1994 order also requires Van Klassens, Inc. to destroy any furniture in its possession "which embodies or resembles Imagineering's WEATHEREND Estate furniture trade dress" and to provide customers inquiring about that furniture "which if otherwise sold would violate this Final Order and Permanent Injunction" with Imagineering's Inc.'s name and telephone number.

Upon consideration thereof,

IT IS ORDERED THAT:

(1) The district court's order is temporarily stayed pending receipt of Imagineering Inc.'s response and consideration by the court of all papers submitted.

(2) Imagineering Inc.'s response is due by May 2, 1994.

Dated: April 26, 1994

/s/Raymond C. Clevenger, III

Circuit Judge

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

92 Civ. 0751 (RLC)

Imagineering, Inc. v. Van Klassens, Inc. and Robert Lukingbeal.,

Defendant's motion pursuant to Rules 50 and 59 of the Fed.R.Civ.P. for judgment as a matter of law and alternative motion for a new trial is denied.

So Ordered.

/s/Robert L. Carter
U.S.D.J.
[4/26/94[1]]

[1]Hand-written memo endorsement.

IMAGINEERING, INC., Plaintiff, v. VAN KLASSENS, INC. and ROBERT LUKINGBEAL, Defendants.

IMAGINEERING, INC. v. VAN KLASSENS, INC.
92 Civ. 0751 (RLC)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

FINAL ORDER and PERMANENT INJUNCTION

Decided April 4, 1994

This cause having come on to be heard by this court upon the Complaint of Plaintiff, Imagineering, Inc., stating causes of action for design patent infringement, trade dress infringement under § 43(a) of the Lanham Act, false advertising under § 43(a) of the Lanham Act, unfair competition under New York State common law, and dilution under New York State law, wherein Plaintiff requested a permanent and final injunction against Defendants, and Plaintiff having voluntarily amended its Complaint to withdraw its causes of action for design patent infringement and dilution; and

This case having been tried before a jury and the jury having reached a verdict on November 15, 1993 and having found, by a preponderance of the evidence, that Plaintiff's trade dress is inherently distinctive, that there is a likelihood of confusion as to the source of Defendants' goods, that Plaintiff's trade dress is not functional, that Defendants' conduct was willful, that Defendants have engaged in unfair competition, that Defendants have engaged in false advertising, that Defendant Robert Lukingbeal is personally liable, that Plaintiff is entitled to compensatory damages in the amount of Eight Hundred Sixty Thousand Dollars ($860,000), and that Plaintiff is entitled to punitive damages in the amount of Four Million Dollars ($4,000,000); and

This court having issued an opinion dated September 4, 1992, an Opinion dated September 8, 1993, an Endorsement dated September

13, 1993, an Endorsement dated September 29, 1993, an Endorsement dated October 7, 1993, and an Opinion dated March 30, 1994 denying Defendants' laches defense, enhancing the jury award of compensatory damages by Two Hundred Fifty Thousand Dollars ($250,000), awarding Plaintiff attorney's fees in the amount of Forty Four Thousand Four Hundred Twenty One Dollars and Fifty Five Cents ($44,421.55), awarding Plaintiff attorney's fees in the amount of Six Hundred Fifty Nine Thousand Seven Hundred Eighty Nine Dollars and Fifty Cents ($659,789.50), and awarding Plaintiff taxable costs less those costs incurred in the preparation of Imagineering's consumer surveys, which costs have been calculated by Plaintiff to be Fifty Four Thousand Six Hundred Three Dollars and Ninety Seven Cents ($54,603.97);

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that Defendants, their officers, directors, agents, servants, employees, sales representatives and attorneys and all persons in active concert or participation with them who receive actual notice of this Final Order and Permanent Injunction by personal service or otherwise are hereby permanently and finally enjoined from:

1. Commercializing through sales, offers for sale, or advertising, furniture which embodies or resembles Imagineering's WEATHEREND® Estate Furniture trade dress as best set forth in Exhibit "A" or any other trade dress sufficiently similar thereto so as to be likely to cause confusion, mistake or deception in connection with the source, sponsorship or affiliation of furniture or any related product;

2. Using any word, term, common name, symbol or device, or any combination thereof, or any false designation of origin, or false or misleading description of fact, which in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of Defendants' furniture and Plaintiff's furniture, including representing in commercial advertising or promotion of Van Klassens Furniture that: Van Klassens Furniture is superior to or equal to the quality of WEATHEREND® Estate Furniture; that the chain utilized on the Van Klassens swing will outlast or is superior in any way to the rope utilized by WEATHEREND® Estate Furniture; or that WEATHEREND® Estate Furniture is more expensive than Van

Klassens Furniture because of reasons other than quality and/or advertising of Plaintiff's furniture; and

3. Unfairly competing with Imagineering, Inc. in any manner, including emphasizing in advertisements for Van Klassens Furniture the use of Awlgrip® paint, West System® epoxy, nautical lines, boat building materials, boat building techniques, mortise and tenon joinery; however, such information may be used in Van Klassens's product literature that details the entire furniture construction and methods utilized by Van Klassens, except that any representation as to mortise and tenon joinery shall be accompanied by an identification of the number and location of such joints in each piece of furniture; and

IT IS ALSO ORDERED, ADJUDGED AND DECREED, that Defendants, their officers, directors, agents, sales representatives, servants, employees, and attorneys, shall destroy any furniture in their possession, custody or control which embodies or resembles Imagineering's WEATHEREND® Estate Furniture trade dress as best set forth in Exhibit "All or any other trade dress sufficiently similar thereto so as to be likely to cause confusion, mistake or deception in connection with the source, sponsorship or affiliation of such furniture; and Defendants shall file with this court and serve on the Plaintiff within thirty days after the service on Defendants of this Final Order and Permanent Injunction, or such extended period as this court may otherwise direct, a report in writing under oath setting forth in detail the manner and form in which Defendants have complied with this Final Order and Permanent Injunction; and

Defendants shall provide any customers inquiring about furniture, which if otherwise sold would violate this Final Order and Permanent Injunction, with Plaintiff's name and telephone number of 1-800-456-6483 and inform such customers that they should contact Plaintiff with regard to this furniture; and

Any violation of this order will be punishable by contempt which will include but not be limited to a fine in the amount of Five Hundred Dollars ($500) per day, and such other relief that this court may deem just and proper; and

IT IS ALSO ORDERED, ADJUDGED AND DECREED, that the compensatory damages awarded by the jury against Defendants in the amount of Eight Hundred Sixty Thousand Dollars ($860,000) is hereby enhanced Two Hundred Fifty Thousand Dollars ($250,000), making the total compensatory damages awarded against Defendants One Million One Hundred Ten Thousand Dollars ($1,110,000);

IT IS ALSO ORDERED, ADJUDGED AND DECREED, that the punitive damages awarded by the jury against Defendants in the amount of Four Million Dollars ($4,000,000) remain unchanged;

IT IS ALSO ORDERED, ADJUDGED AND DECREED, that Plaintiff is awarded the sum of Forty Four Thousand Four Hundred and Twenty One Dollars and Fifty Five Cents ($44,421.55), pursuant to sanctions imposed on Defendants in an opinion issued September 8, 1993, which shall be paid by Defendants and/or their attorneys, Pitts and Brittian, P.C., and Robinson, Brog, Leinwand, Reich, Genovese & Gluck, P.C., jointly and severally;

IT IS ALSO ORDERED, ADJUDGED AND DECREED, that Plaintiff is awarded the sum of Six Hundred Fifty Nine Thousand Seven Hundred Eighty Nine Dollars and Fifty Cents ($659,789.50), representing an award of attorney's fees pursuant to 15 U.S.C. § 1117, which shall be paid by Defendants, jointly and severally; and

IT IS ALSO ORDERED, ADJUDGED AND DECREED, that Plaintiff is awarded the sum of Fifty Four Thousand Six Hundred Three Dollars and Ninety Seven Cents ($54,603.97), representing an award of taxable costs pursuant to 15 U.S.C. § 1117, which shall be paid by Defendants, jointly and severally.

IT IS SO ORDERED.

Dated: New York, New York April 4, 1994

Robert L. Carter

U.S.D.J.

IMAGINEERING, INC., Plaintiff, v. VAN KLASSENS, INC. and ROBERT LUKINGBEAL, Defendants.

IMAGINEERING, INC. v. VAN KLASSENS, INC.
92 Civ. 0751 (RLC)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

851 F. Supp. 532; 31 U.S.P.Q.2D (BNA) 1119

March 30, 1994, Decided
March 30, 1994, Filed

COUNSEL: For Plaintiff: HESLIN & ROTHENBERG, P.C., Albany, New York, SUSAN F. GULLOTTI, NICHOLAS MESITI, Of Counsel.

For Defendants: ROBINSON BROG LEINWAND REICH GENOVESE & GLUCK, P.C., New York, New York, DAVID C. BURGER, Of Counsel. PITTS & BRITTIAN, Knoxville, TN, ROBERT E. PITTS, RAYMOND E. STEPHENS, Of Counsel.

ROBERT L. CARTER, District Judge

The background of this trade dress infringement case involving rival manufacturers of garden furniture, Imagineering, Inc. ("Imagineering") and Van Klassens, Inc. ("Van Klassens"), is set forth in an opinion issued September 4, 1992, with which familiarity is assumed. Van Klassens and its president, Robert Lukingbeal, are the defendants in this action. On October 28, 1993, a jury trial commenced to hear plaintiff's federal law claims of trade dress infringement and false advertising, and state law claims of unfair competition and violation of the New York State Anti-Dilution statute.

The jury returned a verdict favorable to plaintiff on its federal law claims and state law claim for unfair competition, and awarded plaintiff $860,000 in compensatory damages and $4,000,000 in punitive

damages. Prior to the close of trial, the parties had agreed to submit plaintiff's anti-dilution claim and defendants' laches claim to the court. Following the jury's verdict, plaintiff voluntarily withdrew its anti-dilution claim.

This action is presently before the court for consideration of: (1) whether laches bars all of plaintiff's claims, and 2) whether plaintiff is entitled to attorney's fees, costs, enhanced damages and injunctive relief.

I.

A.

A laches defense, which may be raised as a bar to a claim for both injunctive relief and money damages, *Carl Zeiss Stiftung v. VEB Carl Zeiss, Jena*, 433 F.2d 686, 703 (2d Cir. 1970), *cert. denied*, 403 U.S. 905, 29 L. Ed. 2d 680, 91 S. Ct. 2205 (1971), requires defendants to show that 1) plaintiff had knowledge of defendants' use of its trade dress; 2) plaintiff inexcusably delayed in taking action with respect thereto; and 3) defendants will be prejudiced by permitting plaintiff inequitably to assert its rights at this time. *See e.g., Cuban Cigar Brands N.V. v. Upmann Int'l, Inc.*, 457 F. Supp. 1090, 1096-1100 (S.D.N.Y. 1978) (Weinfeld, J.), *aff'd*, 607 F.2d 995 (2d Cir. 1979). Further, the particular circumstances of the case must be considered, and the interests and equities of the parties balanced. *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1040 (2d Cir. 1980); Carl Zeiss Stiftung, 433 F.2d at 703. Moreover, because laches is an equitable remedy, defendants must also prove that they acted in good faith in that they did not intend to deceive or confuse the public as to the source of their furniture. *See, e.g., Cuban Cigar*, 457 F. Supp. at 1098-99; *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1344 (2d Cir. 1975).

Inexcusable Delay

Defendants seek to show that plaintiff "inexcusably delayed" initiating this action. They contend that Imagineering, which first became aware of Van Klassens's infringing activities in 1987, could not wait until 1991 to pursue its infringement claim.

In June, 1987, Imagineering's founder, William Fisher, saw a Van Klassens' advertisement featuring furniture which Fisher believed

infringed his company's trade dress. Imagineering subsequently put Van Klassens on notice of the potential illegality of its activities in a letter sent in July of that year.[1]

Having received no response to this letter and knowing that Van Klassens had shipped its first piece of furniture in August, Imagineering sent a second letter in November, 1987, requesting that the company "cease and desist" the production of its infringing furniture. Van Klassens responded that same month telling plaintiff that it intended to continue to manufacture its furniture ("Van Klassens's 1987 Letter"). Plaintiff did not respond to this letter because, as Victoria Howe, Imagineering's president, testified, she did not see any further advertisements for the furniture immediately thereafter, and so concluded that Van Klassens had ceased production of its infringing pieces.

It was not until February, 1989, that plaintiff saw a Van Klassens advertisement, which, according to Howe, again featured infringing pieces of furniture. However, at this time, a law suit was not feasible because of the turmoil within Imagineering ongoing since June, 1987, when Fisher died suddenly, leaving control of the company uncertain. Fisher had left a majority of the stock in the company to Howe, but had also set up a management trust for the employees of the company, and left additional stock both to a good friend and to one of his chief co-workers. All of the stock remained in escrow from the time of his death until March, 1990, at which time Fisher's attorneys settled his estate and Howe took over the company.

Then, in August, 1991, plaintiff learned that additional pieces of infringing furniture had been introduced by Van Klassens shortly after it mistakenly received a bid package containing blueprints for Imagineering pieces to be built for a municipal project in Orange County, California. As Howe testified, this was the "final straw" because the blueprints were for plaintiff's "signature pieces," its half circle and quarter circle settee. (Trial Tr. at 218.)

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[1]Plaintiff's letter stated that it was "most concerned" that the sale of Van Klassens' furniture "may create confusion in the customer's mind as to the connection, source and affiliation" of this furniture with Imagineering's furniture. (Trial Tr. at 203.)

Imagineering's ownership having been settled by this time, and it being apparent that Van Klassens's infringing activities were not abating, Plaintiff sent two cease and desist letters to Van Klassens in October, 1991. Van Klassens responded in November by filing suit in Tennessee, which action plaintiff removed to this court in January, 1992.

Ultimately, Imagineering put Van Klassens on notice of the potential consequences of its actions, and then proceeded with the requisite diligence and prudence. The court, therefore, cannot find that Imagineering inexcusably delayed filing this action.

Prejudice

Defendants claim that they have been "prejudiced" because, since plaintiff's failure to respond to Van Klassens's 1987 Letter, they have continued to manufacture and advertise Van Klassens furniture, develop goodwill in the "Van Klassens" name, expand the product line, and hire additional employees. Further, they claim prejudice to the degree that Ms. Howe's deteriorating health prevented them from deposing her earlier during discovery, and the Lukingbeals' memories had faded by the time this matter came to trial. Defendants also allege other, but unspecified, instances of such "evidentiary prejudice." Defendants' Post-Trial Memorandum of Law in Support of Defendants' Defense of Laches and in Opposition to Plaintiff's Claim for Dilution at 5.

To show prejudice, however, defendants must show more than "the simple fact that the business continued during the period of delay." *Cuban Cigar*, 457 F. Supp. at 1098; *Am. Express Co. v. Am. Express Limousine Service, Ltd*, 772 F. Supp. 729, 737-38 (E.D.N.Y. 1991). Moreover, the nature of the prejudice allegedly suffered by defendants cannot be measured without due regard to their own willful conduct, see *Stone v. Williams*, 891 F.2d 401, 404 (2d Cir. 1989), *cert. denied*, 496 U.S. 937, 110 L. Ed. 2d 662, 110 S. Ct. 3215 (1990), *rev'd on other grounds*, 970 F.2d 1043 (2d Cir. 1992), specifically as it concerns defendants' continued exploitation of Imagineering's trade dress. See *Weight Watchers Int'l, Inc. v. Stouffer Corp.*, 744 F. Supp. 1259, 1287 (S.D.N.Y. 1990) (Mukasey, J.).

Particularly considering that Van Klassens's 1987 Letter followed two unequivocal letters from Imagineering, defendants cannot credibly maintain that the silence following Van Klassens's 1987 Letter constituted acquiescence by Imagineering or justified defendants' claimed reliance.[2] Rather, defendants seemingly took advantage of this silence in order to continue and increase their infringing activities.

Further, although defendants may have been prejudiced to some extent as a result of fading memories, stale evidence or similar problems, see *Stone v. Williams*, 873 F.2d 620, 623 (2d Cir.), *cert. denied*, 493 U.S. 959, 107 L. Ed. 2d 362, 110 S. Ct. 377, *vacated on other grounds*, 891 F.2d 401 (2d Cir. 1989), such prejudice, to the extent that it does exist, is insubstantial. In particular, defendants' claim that the ability to depose Ms. Howe earlier would have yielded tangible benefits is purely speculative, and, in any event, defendants were not restricted in the amount of time available to them for Howe's deposition, even if it came later than they wished. Moreover, having heard the testimony of the Lukingbeals at trial, which included specific recollections of certain trips to Europe prior to 1987, the court cannot conclude that the possibility of these two witness' loss of memory justifies a bar against Imagineering's claims.

Good Faith

Finally, defendants did not act in good faith. After a three-week trial, the jury concluded that they had willfully infringed Imagineering's trade dress. This finding of bad faith alone is sufficient to defeat defendants' laches claim. *See, e.g., Harlequin Enters. Ltd. v. Gulf & Western Corp.*, 644 F.2d 946, 950 (2d Cir. 1981); *Nikon, Inc. v. Ikon Corp.*, 803 F. Supp. 910, 924-25 (S.D.N.Y. 1992) (Gershon, J.), *aff'd*, 987 F.2d 91 (2d Cir. 1993); *West Indian Sea Island Cotton Ass'n v. Threadtex, Inc.*, 761 F. Supp. 1041, 1051 (S.D.N.Y. 1991) (Ward, J.);

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[2]Moreover, the mere existence of Imagineering's letters damages defendants' claim. See *Saratoga Vichy Spring Co.*, 625 F.2d at 1041 (upholding laches defense but indicating that "simple warning letter" would have sufficed to defeat it); *Lambda Elecs. Corp. v. Lambda Technology, Inc.*, 515 F. Supp. 915, 930 (S.D.N.Y. 1981) (Ward, J.) (letters sent by plaintiff to defendant constituted a sufficient 'taking of action' to avert the laches defense).

Cullman Ventures, Inc. v. Columbian Art Works, Inc., 717 F. Supp. 96, 135 (S.D.N.Y. 1989) (Conboy, J.); *Cuban Cigar*, 457 F. Supp. at 1099-1101; accord *McDonald's Corp. v. Druck & Gerner, DDS., P.C.*, 814 F. Supp. 1127, 1138-39 (N.D.N.Y. 1993).

B.

Defendants also argue that a presumption of laches arises after three years, which would shift the burden onto plaintiff to prove that defendants were not prejudiced by Imagineering's "failure" to bring this action between 1987 and 1991. See *Constr. Technology, Inc. v. Lockformer Co.*, 704 F. Supp. 1212 (S.D.N.Y. 1989) (Mukasey, J.). But see *Frito Lay, Inc. v. Bachman Co.*, No. 83 Civ. 4484, 1987 U.S. Dist. LEXIS 3962, at *7 (S.D.N.Y. May 19, 1987) (Cedarbaum, J.) (agreement by parties establishing six-year period adopted by court). The presumption is grounded in the notion that a claim becomes stale if the acts alleged fall outside of the applicable statute of limitations. *Constr. Technology*, 704 F. Supp. at 1219.

In *Construction Technology*, the court found that, for a false advertising claim brought pursuant to the Lanham Act, a presumption arose after three years. *Id.* at 1221. Judge Mukasey analogized the false advertising claim, which lacked a federal statute of limitations, to a destruction of property claim under CPLR § 214(4), which section carried a three-year statute of limitations. *Id.* at 1219-21. He rejected the analogy to fraud claims (agreed to by both parties) and its six-year limitations period because false advertising, unlike fraud, had no scienter or bad faith requirement. Id. at 1219-20. It was the existence of such a requirement, Judge Mukasey reasoned, that justified the longer time period. *Id.* at 1221.

Unlike *Construction Technology*, in which bad faith was not at issue, the jury found that defendants acted in bad faith. Therefore, assuming that a presumption of laches necessarily arises, six years would be a more appropriate period of time than three years.[3] However,

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[3]Although other circuits have indicated that a presumption of laches tied to the analogous state statute of limitations period does arise, *see, e.g., Tandy Corp. v. Malone & Hyde, Inc.*, 769 F.2d 362, 365-66 (6th Cir. 1985), *cert. denied*, 476 U.S. 1158, 90

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even if prejudice to defendants were to be presumed, defendants' bad faith and continuing infringement coupled with Imagineering's 1987 letters and its management troubles form a sufficient basis upon which to reject the laches defense in any event. *Cf. Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 515 (9th Cir.), *cert. denied*, 493 U.S. 872, 107 L. Ed. 2d 155, 110 S. Ct. 202 (1989) (upholding rejection of defense even if district court failed to presume harm to defendant because other factors weighed against laches defense).

II.

A.

An opinion of the court, dated September 8, 1993, awarded Imagineering attorneys' fees for filing a motion for sanctions against defendants and defending against a motion to compel the deposition of one of its attorneys, Susan Gullotti. In accordance with the September 8 opinion, plaintiff filed a request for $ 44,793.55. The request is adequately documented, and counsel's fee structure reasonable.[4] Therefore, Imagineering's request, less the amount billed for one particular entry detailed below, is hereby granted.

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[3](...continued)
L. Ed. 2d 719, 106 S. Ct. 2277 (1986) (laches defense rejected because action brought within limitations period), the court is not convinced that this Circuit has recognized such a presumption. *Cf. Stone v. Williams*, 873 F.2d 620, 624 (2d Cir.), *cert. denied*, 493 U.S. 959, 107 L. Ed. 2d 362, 110 S. Ct. 377, vacated on other grounds, 891 F.2d 401 (2d Cir. 1989) (claim under Copyright Act of 1909 and 1976). Although it did not indicate whether a presumption argument had been made, the circuit court held in *Stone*, which was decided shortly after *Construction Technology*, that "it is the reasonableness of the delay rather than the number of years that elapse which is the focus of the [laches] inquiry," and rejected the "mechanical application" of a statute of limitations period. *Id.* Whether the circuit court would apply the Stone reasoning in response to a presumption argument arising out of a Lanham Act claim is uncertain, yet the possibility should not be ignored.

[4]Defendants did not challenge the reasonableness of plaintiff's attorneys' various hourly rates in connection with the court's September 8 opinion, nor have they challenged these rates currently. The court has no reason otherwise to doubt their reasonableness. See *Cooperstown Bat Company, Inc. v. James Florczak*, No. 92 Civ. 0510 (N.D.N.Y. February 26, 1993) (finding fee structure of Heslin & Rothenberg, i.e., plaintiff's attorneys, reasonable).

One entry apparently contains a junior associate's time both for 1) finalizing plaintiff's response to defendants' motion to compel Gullotti's deposition and 2) preparing documents for production. Defendants correctly maintain that they were not required to pay for fees arising out of document production. Therefore, half of the time recorded for this entry will be allotted to time spent on document production, and the value of such time ($ 372.00) will be subtracted from Imagineering's fee request.[5]

B.

Currently, Imagineering seeks an award of attorney's fees for this action as a whole, in the amount of $ 674,442.50.[6] The court may award reasonable attorney's fees to the prevailing party in a trade dress infringement action if it deems the case "exceptional." 15 U.S.C. § 1117 (West Supp. 1993) ("§ 1117"). For a trademark infringement action to be deemed "exceptional," the trier of fact need find only that a defendant's infringing activity was willful. E.g., *Goodheart Clothing Co. v. Laura Goodman Enters.*, Inc., 962 F.2d 268, 272 (2d Cir. 1992); *Getty Petroleum Corp. v. Bartco Petroleum Corp.*, 858 F.2d 103, 113-14 (2d Cir. 1988), *cert. denied*, 490 U.S. 1006, 104 L. Ed. 2d 158, 109 S. Ct. 1642 (1989); *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1229 (2d Cir. 1987); *Springs Mills, Inc. v. Ultracashmere House, Ltd.*, 724 F.2d 352, 356-57 (2d Cir. 1983); *Quaker State Oil Ref. Corp. v. Kooltone, Inc.*, 649 F.2d 94, 95 (2d Cir. 1981) (per curiam).[7]

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[5]Defendants argue that the fee request should be further reduced because 1) the sanctions against them did not cover their motion to transfer venue, and 2) they should not be sanctioned for moving to compel Gullotti's deposition. Defendants are simply incorrect that the sanctions did not cover the motion to transfer venue, and have otherwise failed to persuade the court that a reconsideration of its decision on sanctions is warranted.

[6]Plaintiff has excluded from its request all fees relating exclusively to its withdrawn patent infringement claim and the fees awarded plaintiff in the court's September 8 opinion.

[7]Moreover, a district court abuses its discretion if it fails to consider an award of fees

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Clearly, Imagineering is the prevailing party for purposes of § 1117. Further, consistent with the jury's finding on the willfulness of defendants' infringement, the court deems this case "exceptional" under § 1117.[8] Subject to the exclusions discussed below, plaintiff's request for attorney's fees is granted.[9]

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[7](...continued)
where a defendant's bad faith has been established. See *Goodheart Clothing Co. v. Laura Goodman Enters., Inc.*, 962 F.2d 268, 272 (2d Cir. 1992); *Springs Mills, Inc. v. Ultracashmere House, Ltd.*, 724 F.2d 352, 357 (2d Cir. 1983).

[8]Defendants argue that the case cannot be deemed exceptional on this basis because the special verdict form asked only whether the jury found that defendants' "conduct" was willful, and not their "infringing behavior." In addition to making little sense as a matter of interpretation, this argument ignores the court's instructions to the jury that to award monetary damages to plaintiff -- which the jury awarded for both compensatory and punitive damages -- it must have found, specifically, that defendants' "infringing behavior" was willful. (Trial Tr. at 1957-58.)

Equally frivolous is defendants' argument that this case cannot be "exceptional" because they could not have anticipated their own liability, given that no federal court has ever held a defendant liable for trade dress infringement of an entire line of furniture. First, a defendant has been found liable for infringing a trade dress across an entire line of books. See Harlequin Enters. Ltd. v. Gulf & Western Corp., 644 F.2d 946, 949-50 (2d Cir. 1981). More importantly, the relevant inquiry in considering an award of attorney's fees focuses upon the underlying bad faith of the losing party and/or that party's handling of the litigation, and not, as defendants seem to claim, on whether liability could have been anticipated. Defendants had ample opportunity to present whatever theories they had to the jury, and cannot now be heard to re-argue the question of liability disguised as an attempt to avoid an award of fees.

[9]Plaintiff points to various examples of defendants' litigation conduct to support its request for fees. However, given defendants' willfully infringing behavior, the court need not consider whether to award plaintiff fees on this basis.

With respect to the fee itemization itself,[10] defendants first object to $56,470.00 in fees for work done prior to February 16, 1993, during which time, according to defendants, Imagineering's "primary cause of action" was its subsequently withdrawn patent infringement claim (the "Patent Claim"). Defendants' Memorandum of Law in Opposition to Plaintiff's Request for Attorney's Fees and Treble Damages at 20. Although defendants do not adequately explain what constitutes a "primary cause of action" or why such a designation has legal significance, Imagineering has already indicated that all time relating exclusively to the Patent Claim has been deleted from the fee itemization. To the degree that the entries now challenged relate both to the Patent Claim and to plaintiff's other claims, the court finds that such work is sufficiently intertwined with Imagineering's prevailing claims to support a fee award for such work. *Accord Post Office v. Portec, Inc.*, 913 F.2d 802, 812-13 (10th Cir. 1990), *vacated on other grounds*, 935 F.2d 1105 (1991). Second, defendants object to the inclusion of fees for the preparation of two consumer surveys, one of which was excluded by the court and the other of which plaintiff decided not to introduce at trial. These two discrete pieces of evidence did not come before the jury, and, as such, could not have supported the jury's verdict. Therefore, Imagineering is not entitled to an award of fees for time spent on the two surveys, and its fee award will be reduced by $ 13,428.[11]

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[10]As an initial matter, defendants argue that Imagineering's submission of edited time summaries rather than unedited time slips has prevented them from adequately examining the fee itemization. However, beyond this assertion, defendants have provided no reason to doubt the accuracy of the summaries themselves. Entries provide the date of the work, the attorney's name, a brief description of the work, the time spent doing the work, and the cost of such work (i.e., the time spent multiplied by the hourly rate for that particular attorney). No information relevant to any challenge defendants might make, therefore, is missing from the time summaries submitted by Imagineering. See *Gucci Am., Inc. v. Rebecca Gold Enters., Inc.*, 802 F. Supp. 1048, 1051-52 (S.D.N.Y. 1992) (Newman, J.).

[11]This figure was determined by first totalling those entries identified by defendants as related solely to the preparation of the surveys, and then adding to this sum 20% of the

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Third, defendants object to the inclusion of fees for responding to defendants' own request for attorney's fees arising out of the Patent Claim.[12] Because it did not prevail on the Patent Claim and defendants' request was not found to be frivolous, Imagineering is not entitled to attorney's fees so incurred. The fee award will consequently be reduced by $ 1,225.[13]

III.

Imagineering also seeks its costs pursuant to § 1117. An award of costs is "one of the routine elements" of a prevailing plaintiff's recovery, and is not limited to "exceptional" cases. *Bowmar Instrument Corp. v. Continental Microsystems, Inc.*, 497 F. Supp. 947, 961 (S.D.N.Y. 1980) (Tenney, J.); see *Invicta Plastics (USA), Ltd. v. Mego Corp.*, 523 F. Supp. 619, 625 (S.D.N.Y. 1981) (Motley, J.). The court believes an award of "taxable costs" to be appropriate here, less those costs incurred in the preparation of Imagineering's consumer surveys for

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[11](...continued)
total of all other entries identified by defendants which related in part to the preparation of the surveys. Finally, the entry for 4/26/93, as it appears in Exhibit R to Defendants' Memorandum of Law in Opposition to Plaintiff's Request for Attorney's Fees and Treble Damages ("Defendants' Memorandum"), has been deleted from this calculation because it does not relate to plaintiff's survey work.

[12]Defendants appear to be under the mistaken impression that the question of their entitlement to fees arising out of the Patent Claim remains unanswered. Although the answer seemed clear enough in the court's October 8, 1993 endorsement, so as to put any doubts to rest, defendants are not entitled to an award of their fees.

[13]This figure was determined using the same method described above relating to fees for the preparation of plaintiff's surveys. In addition, the entry for 5/27/93, as it appears in Exhibit S to Defendants' Memorandum, has been deleted from this calculation because it does not relate to the request for attorney's fees.

which attorney's fees were denied as well.[14] See 28 U.S.C.A. § 1920 (West 1966).

Imagineering seeks an increase in the amount of compensatory damages awarded by the jury. A court "may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount," 15 U.S.C. § 1117 (West Supp. 1993), except that such sum "shall constitute compensation and not a penalty." Id.; *Getty Petroleum Corp.*, 858 F.2d at 113.

Plaintiff contends that defendants' sales of infringing furniture were underreported at trial, primarily because sales invoices submitted into evidence excluded "contract" sales,[15] and because the invoices themselves contained various gaps, both in terms of invoice number and dates of sale. For example, plaintiff established that there were no invoices for the five month period from September, 1988 to March, 1989, (Trial Tr. at 1657-58), and that even though Mr. Lukingbeal testified at his deposition that 1992 sales totalled 642 pieces of furniture, sales invoices reflected only 526 pieces. (Trial Tr. at 1658.)

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[14]Defendants argue that plaintiff failed to comply with the requirements of Local Rule 11(a) by filing its motion for costs prematurely and by failing to submit its affidavit and attach supporting documentation in compliance with the Rule. Although defendants are correct that plaintiff did not literally comply with the Rule, the court retains broad discretion in interpreting the requirements of a local rule. *Barrett v. U.S., Nos.* 76 Civ. 381 & 76 Civ. 1061, 1991 U.S. Dist. LEXIS 10002, at *3 (S.D.N.Y. July 23, 1991) (Motley, J.); see *In re "Agent Orange" Prod. Liab. Litig.*, 100 F.R.D. 778, 780 (E.D.N.Y. 1984); New York v. Muka, 440 F. Supp. 33, 36 (N.D.N.Y. 1977).

It would not make sense to have plaintiff move for attorney's fees and enhanced damages now, and then file a separate motion for costs at some later date. *Cf. U.S. v. Yonkers Bd. of Educ.*, 118 F.R.D. 326, 327 (S.D.N.Y. 1987) (Sand, J.) (permitting award of interim fees where facts and circumstances of particular matter so warrant). Further, the affidavit submitted by plaintiff constitutes adequate proof of the costs incurred and their necessity. It provides defendants with sufficient detail upon which to base any challenge to any particular cost item -- something which defendants have chosen not to do. See *Barrett*, 1991 U.S. Dist. LEXIS 10002, at *3; *Invicta Plastics* (USA), Ltd., 523 F. Supp. at 625.

[15]According to plaintiff, "contract" sales were sales involving major installations of pieces of Van Klassens's furniture. Defendants do not dispute this definition.

Defendants claim that, despite any discrepancies, contract sales figures were introduced through sales summaries and financial statements, and that any gaps in the sales invoices arose either as a result of "voided" invoices or from periods of time during which no sales were made.

However, through August 18, 1993, the sales summaries show total sales (excluding sales of non-infringing pieces) of $1,231,308, (Trial Tr. at 1682), whereas the sales invoices -- through only June 25, 1993 -- show total sales of $ 1,487,437. (Trial Tr. at 1683). Defendants have not adequately explained this discrepancy, particularly given their contention that the summaries contain the contract sales and the sales reflected through the sales invoices, or the gaps in the dates and numbers of the sales invoices. This raises the concern in the court's mind that either Van Klassens's sales were not fully reflected at trial, or, if they were, were reflected in such a way that the jury could not fully understand and accurately consider them.[16] Therefore, Imagineering is entitled to enhanced damages.[17]

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[16]Plaintiff also claims that the jury award did not adequately compensate it because 1) defendants received benefits from the goodwill and reputation enjoyed by plaintiff resulting from the over $ 2 million spent on advertising and product development and 2) sales were lost to consumers who refused to buy Imagineering furniture, believing that it had been manufactured by defendants. However, plaintiff does not show why the jury did not already have the opportunity to consider these claims in its initial deliberations, and, in any event, to enhance a damages award on this basis would be too speculative.

[17]In addition to objecting to an increase in plaintiff's damages award, defendants argue that the court should decrease the amount of the award. They claim that the award was excessive if based upon: 1) defendants' profits, because there were none; 2) plaintiff's lost profits, because plaintiff stipulated that it was not seeking lost profits; or 3) a reasonable royalty, because it would exceed the 30% royalty that plaintiff asserted would be reasonable.

The jury has already had the opportunity to consider the facts supporting these claims at trial, and defendants have not provided the court with sufficient reason to question the jury's findings. The jury was instructed that a damages award could be based upon plaintiff's lost sales and loss of goodwill. On this basis alone, the jury's verdict is amply supported by the weight of the evidence.

It is perhaps also worth noting that, as a matter of statutory interpretation, a

(continued...)

V.

Within the parameters established by Rule 65(d), Fed. R. Civ. P.,[18] a court retains a "wide range of discretion" in fashioning an equitable remedy, see *Springs Mills, Inc.*, 724 F.2d at 355, and should approach the framing of an injunction flexibly. *Soltex Polymer Coro. v. Fortex Indus., Inc.*, 832 F.2d 1325, 1329 (2d Cir. 1987). Any doubts in respect of the reach of appropriate injunctive relief should be resolved in favor of an innocent plaintiff and against a willful infringer. *See Champion Spark Plug Co. v. Sanders*, 331 U.S. 125, 130, 91 L. Ed. 1386, 67 S. Ct. 1136 (1947); *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 532, 68 L. Ed. 1161, 44 S. Ct. 615 (1924). Further, once a defendant has been found liable for infringement, a court may proscribe activities that it could not have proscribed prior to the finding of liability. *See Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 705 (5th Cir. 1981), *cert. denied*, 457 U.S. 1126, 73 L. Ed. 2d 1342, 102 S. Ct. 2947 (1982); *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 390 (5th Cir. 1977); *see also U.S. v. Loew's Inc.*, 371 U.S. 38, 53, 9 L. Ed. 2d 11, 83 S. Ct. 97 (1962) ("otherwise permissible practices connected with the acts found to be illegal must sometimes be enjoined"); *Broderick & Bascom Rope Co. v. Manoff*, 41 F.2d 353, 354 (6th Cir. 1930) (injunction appropriate even if it "involves a handicap as compared with those who have not [been convicted of unfair competition]").

Defendants claim that an injunction cannot issue that would be sufficiently specific to satisfy Rule 65(d) because Imagineering failed,

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[17](...continued)
court may have the discretion to reduce a damages award only to the extent that it is based upon a defendant's profits, and not upon a plaintiff's lost profits or a reasonable royalty. However, the court does not rely upon this reading of § 1117 in rejecting defendants' arguments.

[18]Rule 65(d) reads, in relevant part:

Every order granting an injunction and every restraining order shall set forth the reasons for its issuance; shall be specific in its terms; shall describe in reasonable detail, and not by reference to the complaint or other document, the act or acts sought to be restrained.

Rule 65(d), Fed. R. Civ. P.

at trial, to define its trade dress adequately. However, plaintiff submitted evidence of infringement covering over 20 pieces of its furniture, including both photographs and actual examples of the furniture itself, and submitted a written description of its trade dress as well. The jury found that Imagineering had a protectable trade dress extending across its entire line of furniture, and that Van Klassens had willfully infringed it. For defendants, then, still to claim that there is "no proof or findings as to what common features make up plaintiff's alleged trade dress" such that it is "impossible" to frame an enforceable injunction strains credibility.[19] n19 Defendants' Post-Trial Memorandum of Law Concerning the Form of Any Permanent Injunction and Counter-Form of Proposed Injunction at 4-5.

Defendants also object to the use of pictures to describe plaintiff's trade dress, but this is an appropriate response to the difficulties inherent in relying upon mere words and phrases to describe the "total image of a product, which image may include features such as size, shape, color or color combinations, texture or graphics." *Le Sportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 75 (2d Cir. 1985) (definition of trade dress). To require that Imagineering describe its trade dress only in prose would run the risk, first, that the description might not adequately describe this "image," and, second, that defendants' would be provided numerous opportunities to seek to evade the injunction's proscription by, for example, changing one aspect of a multi-faceted

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[19]Further, defendants claim that an injunction cannot apply to the future production of all of defendants' "allegedly" infringing furniture because the jury verdict could mean that only one piece of plaintiff's furniture was inherently distinctive and was infringed. Throughout the trial, however, plaintiff maintained that it had a protectable trade dress in its entire line of furniture, and there is no basis to conclude that the jury rested its verdict upon the infringement of only a single piece or limited pieces of plaintiff's furniture. Such a verdict would be inconsistent with both the nature of the damages award and plaintiff's claim.

Equally unsuccessful is defendants' argument that an injunction should not issue that would prevent Van Klassens from manufacturing furniture from designs already in the public domain. This seems a transparent attempt to re-argue the question of the functionality of plaintiff's trade dress, an argument that the jury has already considered and rejected.

"image" and claiming that the trade dress, as defined, was not being infringed.

Further, defendants' argument to the contrary notwithstanding, the court has the authority to permanently enjoin the infringement of pieces of furniture not at issue in this action. Where, as here, liability has been determined adversely to the infringer, there has been a history of continuing infringement and a significant threat of infringement remains, it is appropriate to permanently enjoin the future infringement of pieces of furniture not currently in controversy. *Orth-O-Vision, Inc. v. Home Box Office*, 474 F. Supp. 672, 685-86 (S.D.N.Y. 1979) (Gagliardi, J.) (copyright infringement); see also *Walt Disney Co. v. Powell*, 283 U.S. App. D.C. 111, 897 F.2d 565, 568 (D.C. Cir. 1990) (copyright infringement); *Encyclopaedia Britannica Educ. Corp. v. Crooks*, 542 F. Supp. 1156, 1187-88 (W.D.N.Y. 1982) (copyright infringement). Therefore, an injunction issuing in this case may properly enjoin all future infringing activities of Van Klassens, including pieces of furniture bearing Imagineering's trade dress that were not made the subject of this law suit.

Defendants continue that they cannot be enjoined from undertaking specific activities if the jury failed to determine the impropriety of these activities explicitly.[20] However, having been found liable for infringement, defendants may have their future activities limited in ways that prior to the trial might not have been permissible. See. e.g., *Chevron Chemical Co.*, 659 F.2d at 705. Inclusion of specific prohibitions in the injunction would provide some clear indication of what Van Klassens may not do by way of advertising its products and competing with Imagineering.

It is also appropriate that the infringing furniture currently within the possession of defendants be destroyed, which discretion to so order rests with the trial court. *See, e.g., West & Co. v. Arica Inst., Inc.*, 557

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[20]Specifically, defendants object to plaintiff's request to enjoin Van Klassens from 1) advertising that its furniture is made of solid Honduran mahogany and 2) unfairly competing with plaintiff by emphasizing in advertising the use of Awlgrip paint, West System Epoxy, nautical lines, boat building materials, boat building techniques and mortise and tenon joinery

F.2d 338, 343 n.9 (2d Cir. 1977); *Shen Mfg. Co. v. Suncrest Mills, Inc.*, 673 F. Supp. 1199, 1207 (S.D.N.Y. 1987) (Tenney, J.); *Taylor Wine Co. v. Bully Hill Vineyards, Inc.*, 208 U.S.P.Q. 80 (W.D.N.Y. 1979). However, monetary fines for violations of the injunction should not be explicitly provided for unless there has been a showing either that the requested amount bears a reasonable relationship to Imagineering's probable loss or that any such loss would be difficult to estimate precisely. *See, e.g. United Air Lines, Inc. v. Austin Travel Corp.*, 867 F.2d 737, 740 (2d Cir. 1989) (establishing basic framework for evaluating liquidated damages provision in contract).

Finally, it is insufficient for the injunction to contain only the requirement that Van Klassens clearly label its products in the future. Even if the court assumes arguendo that labelling would be effective in eliminating customer confusion in certain situations, such as at the point of sale, it still would not address "other forms of likely confusion that are equally actionable" and relevant in this case, such as post-sale confusion. *See Lois Sportswear U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872-75 (2d Cir. 1986); *see also Harlequin Enters. Ltd.*, 644 F.2d at 949 (difference in names insufficient because "combination of features as a whole" is determinative); *PAF S.r.l. v. Lisa Lighting Co.*, 712 F. Supp. 394, 411 (S.D.N.Y. 1989) (Newman, J.) (where trade dress distinctive and products closely resemble one another, labelling insufficient).

CONCLUSION

Defendants have failed to prove that laches should bar plaintiff's claims. The court awards Imagineering $704,211.05 in attorney's fees and $250,000 in enhanced damages. This award is in addition to the $860,000 in compensatory damages and $4 million in punitive damages awarded by the jury at trial. Plaintiff is entitled to its costs. Finally, plaintiff is ordered to submit on notice a proposed form of injunction consistent with this opinion.

IT IS SO ORDERED.

Dated: New York, New York
March 30, 1994

Robert L. Carter, U.S.D.J.

IMAGINEERING, INC. Plaintiff, -against- VAN KLASSENS, INC. and ROBERT LUKINGBEAL, Defendants.

IMAGINEERING, INC. v. VAN KLASSENS, INC.
92 Civ. 0751 (RLC)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

797 F. Supp. 329

September 4, 1992, Decided

COUNSEL: HESLIN & ROTHENBERG, P.C., Attorneys for Plaintiff, 450 New Karner Rd., P.O. Box 12695, Albany, New York 12212-2695, SUSAN F. GULLOTTI, NICHOLAS MESITI, Of Counsel.

ROBINSON BROG LEINWAND REICH GENOVESE & GLUCK, P.C., Attorneys for Defendants, 1345 Avenue of the Americas, New York, New York 10105, DAVID C. BURGER, Of Counsel.

PITTS & BRITTIAN, Attorneys for Defendants, P.O. Box 51295, Knoxville, TN 37950-1295.

ROBERT L. CARTER, District Judge

Plaintiff, Imagineering, Inc., brings this action against defendants Van Klassens, Inc. and Robert Lukingbeal, alleging claims for patent infringement under 35 U.S.C. § 271, for unfair competition under 15 U.S.C. § 1125(a), and alleging pendent state claims for unfair competition and dilution. Defendants have moved, under Rules 12(b)(2) and 12(b)(3), F.R.Civ.P., to dismiss this action for lack of personal jurisdiction and improper venue, or alternately to transfer this action, under 28 U.S.C. § 1404(a), to the Eastern District of Tennessee.

I.

Plaintiff is engaged in the manufacture, advertising and sale of garden furniture under the trade name "Weatherend." Plaintiff also possesses a patent, Patent No. 313,320, for a particular rocking chair. Defendant Van Klassens, Inc. also sells a line of garden furniture, including rocking chairs ("rockers"), that resembles that manufactured by plaintiff. Defendant Lukingbeal is the president of Van Klassens. From 1987 to 1991 a series of communications occurred between plaintiff and defendants, in which plaintiff alleged that a number of pieces of defendants' furniture were imitations of those manufactured by plaintiff and that defendants' sale of such furniture violated unfair competition laws and infringed on plaintiff's rocking chair patent. In November, 1991, defendant Van Klassens filed a declaratory judgment action in the Eastern District of Tennessee (the "Tennessee action"), to disprove plaintiff's allegations. Plaintiff subsequently began this action.

The parties agree that the following constitute defendants' relevant furniture sales in New York over the last five years. Since 1987, defendants have sold 1,796 pieces of furniture, of which 13% have been sold in New York. In this period, defendants have sold 2 allegedly infringing rocking chairs in New York, or 2% of defendants' total sales of the rocking chairs. Affidavit of Robert Lukingbeal at 5. Defendants, contending that these sales figures are insufficient to form the basis for personal jurisdiction or venue in this district, have moved for dismissal or transfer. Subsequent to defendants' motion, the court in the Tennessee action determined that venue was improper in that district and transferred that action to this district for consolidation.

II.

Plaintiff bears the burden of establishing that the court possesses personal jurisdiction over defendants. See *Cutco Indus., Inc. v. Naughton*, 806 F.2d 361, 365 (2d Cir. 1986); *Volkswagen de Mexico, S.A. v. Germanischer Lloyd*, 768 F. Supp. 1023, 1027 (S.D.N.Y. 1991) (Cedarbaum, J.). In a case arising under a federal law which does not provide for service of process on a party not an inhabitant of or found within the forum state, federal courts must defer to the forum state's long arm statutes to determine the issue of personal jurisdiction. *See*

Omni Capital Int'l v. Rudolf Wolff & Co., Ltd., 484 U.S. 97, 108 S. Ct. 404, 98 L. Ed. 2d 415 (1987). Therefore New York's long arm statute controls defendants' amenability to suit in this district.

The New York long arm statute, N.Y. CPLR § 302(a)(2) (McKinney 1990), provides:

> As to a cause of action arising from any of the acts enumerated in this section, a court may exercise personal jurisdiction over any non-domiciliary . . . who in person or through an agent:
>
> . . .
>
> 2. commits a tortious act within the state . . .;

The statute requires that the cause of action arise from the acts that constitute the basis for personal jurisdiction. See N.Y. CPLR § 302(a) (McKinney 1990); *Business Trends Analysts v. Freedonia Group, Inc.*, 650 F. Supp. 1452, 1456 (S.D.N.Y. 1987) (Weinfeld, J.). For each of plaintiff's claims in the present case, the cause of action is deemed to arise where the allegedly infringing sales were made. §, 1991 U.S. Dist. LEXIS 11666, 19 U.S.P.Q.2d (BNA) 1079 (S.D.N.Y. 1991) (Conboy, J.) (patent infringement); *Business Trends, supra*, 650 F. Supp. at 1455-56 (S.D.N.Y. 1987) (unfair competition and dilution). Therefore personal jurisdiction will depend on the existence of sales of the allegedly infringing products in New York.

With respect to plaintiff's patent infringement claim, defendants contend that their sales of the infringing products in New York are too negligible to be the basis for personal jurisdiction, relying on their sale of only two rockers in the past five years in New York. While this only constitutes 2 per cent of defendants' total rocker sales, it has consistently been held that section 302(a)(2) "requires no specified level of activity within the State, but only that plaintiff suffer some damage as a result of a tortious act committed . . . in New York." *Honda Assocs., Inc. v. Nozawa Trading, Inc.*, 374 F. Supp. 886, 889 (S.D.N.Y. 1974) (Conner, J.); accord *Sun Hill Indus. Inc. v. Holiday Trims Inc.*, 1991 U.S. Dist. LEXIS 15462, 20 U.S.P.Q.2d (BNA) 1851,

1855 (E.D.N.Y. 1991); *Business Trends, supra*, 650 F. Supp. at 1455-56; *Factors Etc., Inc. v. Pro Arts, Inc.*, 444 F. Supp. 288, 291 (S.D.N.Y. 1977) (Tenney, J.), aff'd 579 F.2d 215 (2d Cir. 1978), *cert. denied*, 440 U.S. 908, 59 L. Ed. 2d 455, 99 S. Ct. 1215 (1979). Hence personal jurisdiction may be established over a defendant when New York sales constitute only a small percentage of the infringing activities. *See Fox-Rich Textiles Inc. v. Malden Mills Indus. Inc.*, 1989 U.S. Dist. LEXIS 13437, 14 U.S.P.Q.2d (BNA) 1843, 1845 (S.D.N.Y. 1989)(Owen, J.) (0.8 percent); *Factors, supra*, 444 F. Supp. at 288 (less than one percent); *Honda*, supra, 374 F. Supp. at 888 (1/100 of 1 percent).

Defendants, in arguing that their contacts with New York are insufficient to constitute the basis of venue, rely primarily on *McKee Electric Co. v. Rauland-Borg Corporation*, 20 N.Y.2d 377, 283 N.Y.S.2d 34, 229 N.E.2d 604 (1967), in which the New York Court of Appeals stated: "only in a rare case should [defendants] be compelled to answer a suit in a jurisdiction with which they have the barest of contact." See 20 N.Y.2d at 383, 283 N.Y.S.2d at 38. However, in that case the court was construing section 302(a)(1), rather than section 302(a)(2), the provision at issue here. Section 302(a)(1) confers jurisdiction over a defendant who "transacts any business within the state or contracts anywhere to supply goods or services in the state." N.Y. CPA § 302(a)(1) (McKinney 1990). Courts have not placed such a construction of section 302(a)(2). See *Fox-Rich Textiles, supra*, 14 U.S.P.Q.2d at 1845; *Factors, supra*, 444 F. Supp. at 288; *Honda, supra*, 374 F. Supp. at 888.

Moreover, in McKee, the Court of Appeals specifically noted that the acts committed by the defendants in New York did not give rise to the tort sued upon in that case, see 20 N.Y.2d at 381, 283 N.Y.S.2d at 37, and for that reason could not be the basis of personal jurisdiction. See 20 N.Y.2d at 382, 283 N.Y.S.2d at 38. The facts of McKee fit within the rule that "single or isolated items of activities" which are unrelated to the lawsuit cannot be the basis for personal jurisdiction. See *International Shoe Co. v. Washington Office of Unemployment Compensation & Placement*, 326 U.S. 310, 317, 90 L. Ed. 95, 66 S.

Ct. 154 (1945). In the present case, defendants' activities in New York provide the basis for both personal jurisdiction and the cause of action sued upon and thus do not come within the ambit of the rule stated in McKee.

Therefore, based on defendants' sales of rockers in New York, it is clear that the court possesses personal jurisdiction over plaintiff's patent infringement claims. Likewise the court possesses jurisdiction over plaintiff's unfair competition and dilution claims based on sales of defendants' other furniture, since 13 percent of this furniture was sold in New York.

III.

Defendants have also moved to dismiss or transfer this action for improper venue. As indicated by the following discussion, venue is proper in this district and this motion must be denied.

Venue in an action for patent infringement is governed by 28 U.S.C. § 1400(b) which provides that venue may be established where "the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." In 1988, Congress amended 28 U.S.C. § 1391(c), the general corporation venue statute, which provides that: "for purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced." See Pub. L. 100-702, Title X, § 1013, 102 Stat. 4669 (Nov. 19, 1988). Sections 1391(c) and 1400(b) are in the same chapter of the Judicial Code. Therefore, courts have interpreted these two sections as establishing venue in any district where a corporation is subject to personal jurisdiction. *See VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), *cert. denied*, 113 L. Ed. 2d 248, 111 S. Ct. 1315 (1991); Farberware, supra, 19 U.S.P.Q.2d at 1080; *Regents of University of California v. Eli Lilly & Co.*, 734 F. Supp. 911 (N.D.Cal. 1990). But see *Doelcher Prods. Inc. v. Hydrofoil Int'l Inc.*, 735 F. Supp. 666 (D. Md. 1989). Since defendants are subject to personal jurisdiction in this district, venue is proper here with respect to plaintiff's patent infringement claims.

Venue for plaintiff's other claims is governed by two identically worded provisions of the general venue statute, 28 U.S.C. § 1391(a)(1) and § 1391(b)(1), which provide that venue is proper in "a judicial district where any defendant resides, if all defendants reside in the same State." Assuming that defendant Lukingbeal is sued in his official capacity only, both he and the defendant corporation reside in the same state.[1] Section 1391(c) is also incorporated into analysis of venue under sections 1391(a) and (b), making venue proper where defendants are subject to personal jurisdiction. Therefore venue is proper in this district with respect to plaintiff's remaining claims.

IV.

Finally, defendants have moved, under 28 U.S.C. § 1404(a), to transfer this action to the Eastern District of Tennessee. Section 1404(a) allows transfer of an action "for the convenience of parties and witnesses, in the interest of justice" to another district "where it might have been brought." However, it is evident that this action could not have been brought in the Eastern District of Tennessee, since that court has already determined that venue for Van Klassens' declaratory judgment action was improper in that district and transferred that action here. Therefore this action cannot be transferred to the Eastern District of Tennessee and defendants' motion must be denied.

CONCLUSION

Accordingly, defendants' motion, under Rules 12(b)(2) and 12(b)(3), F.R.Civ.P., to dismiss this action for lack of personal jurisdiction and improper venue is denied. Defendants' motion to transfer this action, under 28 U.S.C. § 1404(a), to the Eastern District of Tennessee is denied.

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[1]It should be noted that analysis of venue for these claims and for plaintiff's patent claims depends on the assumption that defendant Lukingbeal is sued in his official capacity only. If sued in this capacity, the suit against Lukingbeal, "is, in all respects other than name, to be treated as a suit against the [corporation]." *Kentucky v. Graham*, 473 U.S. 159, 166, 87 L. Ed. 2d 114, 105 S. Ct. 3099 (1985). If also sued in his individual capacity, serious questions would be raised as to whether Lukingbeal resides in the same district as Van Klassens for the purposes of sections 1391(a) and (b), and whether section 1391(c), the corporation venue statute, could be applied to him.

IT IS SO ORDERED.

Dated: New York, New York
September 4, 1992

Robert L. Carter
U.S.D.J.

United States Patent [19]

Fisher

[11] **Patent Number: Des. 313,320**

[45] **Date of Patent: .. Jan. 1, 1991**

[54] **ROCKING CHAIR**

[75] Inventor: **William J. Fisher, Rockland, Me.**

[73] Assignee: **Imagineering, Inc., Rockland, Me.**

[**] Term: **14 Years**

[21] Appl. No.: **937,127**

[22] Filed: **Dec. 2, 1986**

[52] U.S. Cl. D6/348

[58] Field of Search D6/348, 370; 297/261, 297/258

[56] **References Cited**

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D. 121,072	6/1940	Johnson	D6/370
D. 273,061	3/1984	Goff	D6/348

OTHER PUBLICATIONS

Heywood-Wakefield, p. 146, Rocker A, 718-6, upper left corner.

Weatherend Estate Furn., ©1986, Settee, p. 7, circa 1915, submitted by applicant.

Primary Examiner—Bruce W. Dunkins

Assistant Examiner—Ann Hunt

Attorney, Agent, or Firm—Heslin & Rothenberg

[57] **CLAIM**

The ornamental design for a rocking chair, as shown and described.

DESCRIPTION

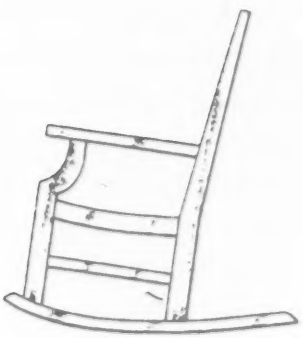
FIG. 1 is a front perspective view of the rocking chair showing my new design;

FIG. 2 is a side elevational view;

FIG. 3 is a top view; and

FIG. 4 is a front perspective view thereof.

The design is characterized by the combination of the arcuate seat and the specifically configured front leg members in association with the rearwardly angled backrest supports, all as best illustrated in FIG. 2.



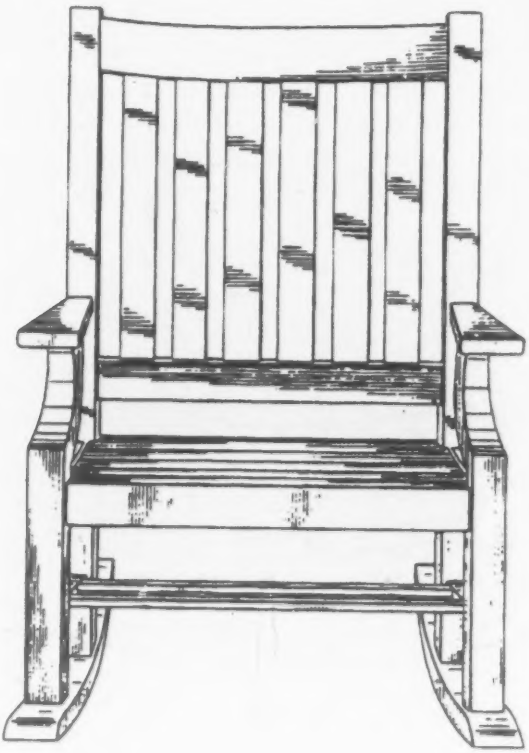


FIG. 1

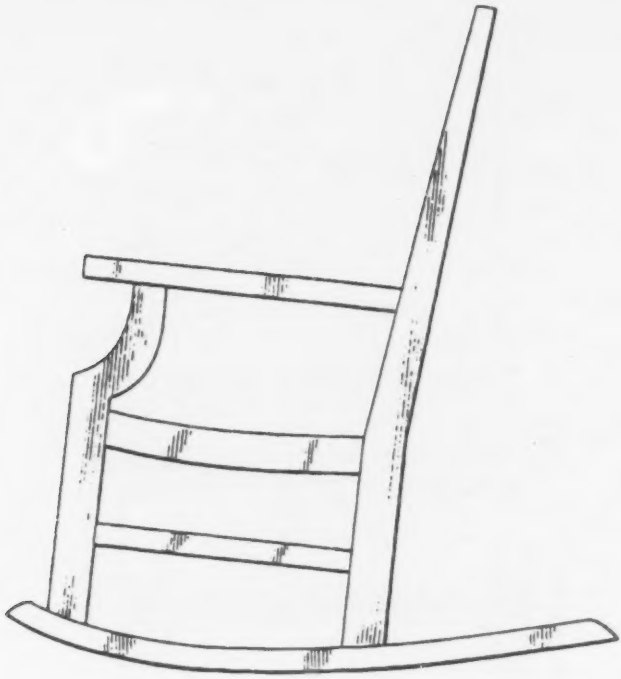


FIG. 2

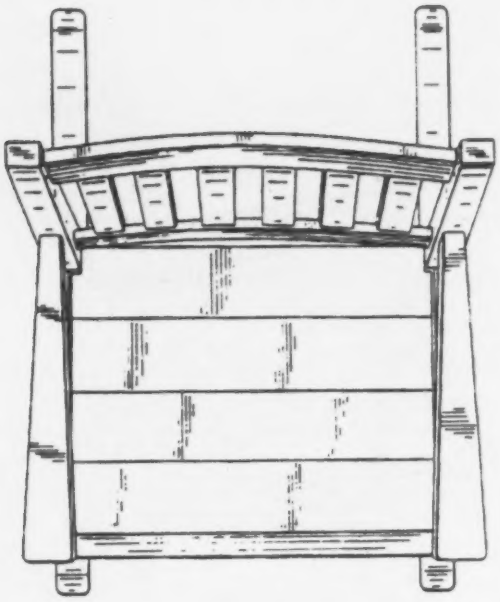


FIG. 3

FIG. 4

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re U.S. Patent No.: Des. 313,320

Inventor: William J. Fisher

Assignee: Imagineering, Inc.

Issued: January 1, 1991

For: Rocking Chair

To: Hon. Commissioner of Patents and Trademarks
Washington, D.C. 20231

Attn: Certificate of Correction Branch

DISCLAIMER OF PATENT UNDER 35 USC §253

Dear Sir:

Imagineering, Inc., as assignee of the United States Design Patent No. 313,320 by a document dated March 6, 1987 and executed by the inventor, William J. Fisher, and recorded in the United States Patent and Trademark Office on March 13, 1987, at Reel 4696, Frame Nos. 832 and 833, has reason to believe that without any deceptive intention that the claim of said letters patent are invalid for reasons pursuant to 35 USC §102(b). Imagineering, Inc. has reason to believe a patented rocking chair was offered for sale more than one year before the application was filed. Thus, Imagineering, Inc. herewith disclaims and dedicates to the public the design patent claim for the entire term of the aforesaid United States Patent.

The fee required by 37 CFR 1.20(d) is submitted herewith.

Ralph Becker
Executive Vice President
Imagineering, Inc.

Sworn to before me this

16th day of February, 1993.

Susan Farley Gullott
Notary Public

SUSAN FARLEY GULLOTT
Notary Public, State of New York
Qualified in Albany County
My Commission Expires 2-10-94

(2)

Supreme Court, U.S.
FILED
AUG 23 1995
CLERK

No. 95-127

In The
SUPREME COURT OF THE UNITED STATES
October Term, 1995

VAN KLASSENS, INC. and ROBERT LUKINGBEAL,
Petitioners,

v.

IMAGINEERING, INC.,
Respondent.

On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

Miles J. Alexander*
Jerre B. Swann
Theodore H. Davis, Jr.
Kilpatrick & Cody
1100 Peachtree Street
Suite 2800
Atlanta, Georgia 30309
(404) 815-6500

Susan Farley
Heslin & Rothenberg
5 Columbia Circle
Albany, New York 12203
(518) 452-5600

*Counsel of Record

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QUESTIONS PRESENTED

Following a jury trial, the District Court entered judgment that Petitioners had infringed the trade dress of Respondent's line of WEATHEREND furniture under state and federal law. Finding that Petitioners, in bad faith, had traded on Respondent's good will, the jury awarded punitive damages under state law. Although vacating sanctions against Petitioners' counsel and remanding for a remittitur of the punitive amount, the Court of Appeals otherwise upheld the jury verdict in all relevant respects. Because Petitioners' framing of the questions is based on factual predicates rejected by the jury, Respondent submits that the issues before the Court are more properly framed as follows:

1. Whether this Court should reweigh the evidence and testimony presented at trial and enter a judgment notwithstanding the verdict on the following issues:
   a. the jury's finding that Respondent's trade dress is nonfunctional;
   b. the jury's finding that Respondent's trade dress is distinctive; and
   c. the jury's finding that Petitioners' willful imitation of respondent's trade dress is likely to cause confusion.
2. Whether this Court should overrule its prior holdings, and the prevailing rule in every Circuit to address the issue, that nonfunctional, distinctive trade dress is entitled to protection against confusingly similar imitations under both federal and state law.

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RELEVANT STATUTES

Infringer Liable in Civil Action

15 U.S.C. § 1114. (1) Any person who shall, without the consent of the registrant —

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark any apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

Monetary Relief

15 U.S.C. § 1117. (a) When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 43(a), shall have been

established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32 and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may, in its discretion, enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Unregistered Marks; False or Misleading Descriptions and Representations

15 U.S.C. § 1125. (a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —

(1) is likely to cause confusion, or to cause mistake, or to

deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT OF THE CASE

Respondent, Imagineering, Inc. ("Imagineering"), has manufactured and sold WEATHEREND estate furniture since 1983. The pieces of furniture in the WEATHEREND line all share a nautical look, with wide slats, scooped seat boards, tapered arms, rounded edges, notched and curved legs, and angled backrests. Imagineering builds its WEATHEREND furniture from solid mahogany, using West System glue and Awlgrip paint. Imagineering advertises the WEATHEREND line aggressively, and numerous trade journals and other publications have given the line favorable reviews.

Robert Lukingbeal founded Van Klassens, Inc. (collectively "VK") in 1986. In 1987, VK began to make and to sell furniture described by the Court of Appeals to have a "striking similarity" to Imagineering's WEATHEREND line. *Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260, 1264 (Fed. Cir. 1995).

In January 1992, Imagineering sued VK, alleging, *inter alia*, trade dress infringement and false advertising under the federal Lanham Act and unfair competition under New York law. After a three week trial, the jury awarded Imagineering $860,000 in compensatory damages for willful trade dress infringement, false advertising, and unfair competition. The jury also awarded Imagineering $4 million in punitive damages. The District Court subsequently entered an order awarding Imagineering $250,000 in "enhanced" damages under 15 U.S.C. § 1117(a), $44,251.11 in sanctions against VK's counsel, $659,789.50 in attorneys fees, and $54,603.97 in taxable costs. The District Court also permanently enjoined VK from advertising or selling furniture "sufficiently similar" to be confused with Imagineering's WEATHEREND line of furniture.

VK appealed a number of issues to the Court of Appeals

for the Federal Circuit, including challenges to the jury's findings that Imagineering's trade dress was distinctive and that VK's furniture was confusingly similar to that of Imagineering. Without reference to Second Circuit authority placing the burden of proof on the issue on it, rather than Imagineering, VK also challenged the jury's finding that the WEATHEREND trade dress was nonfunctional. The Court of Appeals affirmed the jury's findings in all respects relevant to the Petition, concluding, *inter alia*, that: (1) "Taken together, the [relevant] factors **strongly support** the jury's finding of trade dress infringement," and; (2) "The jury properly awarded punitive damages for [VK's] willful conduct." 53 F.3d at 1265-66 (emphasis added).

SUMMARY OF THE ARGUMENT

In a fact-sensitive inquiry, VK ignores the facts. As a necessary consequence, its postulated legal issues are wholly hypothetical.

Based on the facts as developed and found by the jury at trial, and on the law applied in like circumstances by this Court and by every Circuit that has addressed the issues presented herein, the resolution below was not only correct, but routine. VK intentionally copied Imagineering's distinctive nonfunctional trade dress, creating actual confusion, to derive benefit from Imagineering's good will.

An injunction was thus here mandated to protect the public and preserve competition. There being a virtually unlimited number of alternative designs, **fair** competition was not possibly impaired.

If a design meets the requirements of the patent laws, it may be protected irrespective of other considerations to

promote invention. If a nonfunctional inherently distinctive design has come to identify one producer, and its appropriation will not harm other producers, an injunction will issue to the extent necessary to prevent confusion and preserve the reputation the owner. The two concepts are complimentary, not in conflict, and the latter was properly applied to the overwhelming proof adduced by Respondent at trial.

ARGUMENT

I. BACKGROUND

Trade dress "'involves the total image of a product and may include features such as size, shape, color ..., texture, graphics, or even particular sales techniques.'" *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2755 n.1 (1992) (quoting *John Harland Co. v. Clark Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983)). In this context, Imagineering alleged below that VK had intentionally encroached on Imagineering's "total image" by progressively copying the distinctive appearance of twelve items in its furniture collection[1] and by appropriating its total promotional program, unique to its line, that stressed, *inter alia*, the use of prime grade Honduras mahogany, Awlgrip paint, West System epoxy glue, boat building techniques and a nautical look. Tr. 33-34.[2] Imagineering alleged that VK had even adopted such details

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[1] During discovery, additional evidence of copying surfaced and the ultimate number of VK's implicated designs was twenty-two.

[2] References are to the ten thousand page Appendix before the Federal Circuit ("A___") and the two thousand page trial transcript ("Tr.___"), compressed into 504 Appendix pages, beginning at A3379.

as the "photographic composition of [Imagineering's] advertisements." *Id.*

VK asserted in defense the proposition repeated in its Petition (at 15, 32) that "'[i]t is a first principle of trademark law that an owner may not use a mark as a means of excluding competitors from a substantial market" and that Imagineering sought "protection, not for a precise expression of a decorative style, but for basic elements of a style that is part of the public domain." *Wallace Int'l Silversmiths v. Godinger Silver Art,* 916 F.2d 76, 79 (2d Cir. 1990). By their nature, therefore, Imagineering's claims and VK's defenses were predominantly fact-intensive, *see Bauer Lamp Co. v. Shaffer,* 941 F.2d 1165, 1170 (11th Cir. 1991), and the parties' respective views of the facts were in sharp dispute.

In now postulating, however, that this case exhibits irreconcilable tensions between federal patent and trade dress law, and between patent law and state unfair competition law (Petition at ii), VK **ignores** the total body of evidence below. Indeed, at multiple junctures, VK proceeds as if a trial had never occurred, and every assertion contained in VK's Petition is premised on a version of the facts that VK **unsuccessfully** argued to the jury. Examined in full context, the **facts** in the record negate the existence of **legal** conflicts.

A. Origin and Distinctiveness of Designs

For example, VK asserts in the Petition (at 5-7) and contended before the District Court that Imagineering's trade dress (i) consists merely of English style garden furniture (ii) that it copied from Hans Heistad and (iii) that is generic, and (iv) that VK independently reproduced from English and Scottish designs. The jury and the Court of Appeals, howev-

er, on the basis of overwhelming evidence to the contrary, adopted Imagineering's version of the facts:

First, neither Imagineering's designs, nor VK's replicas, are properly classified as English style garden furniture:

1. Imagineering's furniture is "uniquely American" in style with a "strong ... arts and crafts tradition to it."[3] Tr. 746, 834. It has "simple," "straight" lines (Tr. 761), "a clean classic look [and] beautiful proportions" (Tr. 833), and is used "for all the same purposes we use indoor furniture [-- for] living and dining areas outside." Tr. 837-38.

2. In England, by contrast, "there's a whole difference in attitude toward garden furniture.... [I]t rains a lot in England, ... and at the turn of the century, it wasn't fashionable to get a tan ... so they didn't spend a lot of time outdoors." Tr. 837-38. English garden furniture, therefore,

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[3] VK's attempt to argue that Imagineering's furniture must be generic because it fits within a style is the equivalent of asserting that, notwithstanding *Two Pesos*, a Mexican style restaurant cannot have a trade dress. It is true, of course, that:

> ... in literature, in science and in art, there are, and can be, few, if any, things which, in an abstract sense, are strictly new and original throughout. Every book ... borrows and must necessarily borrow and use much which was well known and used before.... Virgil borrowed much from Homer; ... and even Shakespeare and Milton ... would be found to have gathered much from the abundant stores of current knowledge and classical studies in their days.

Emerson v. Davies, 8 Fed. Cas. 615, 619 (C.C.D. Mass. 1845) (No. 4,436). *West Side Story* is, however, a distinctive work notwithstanding a romantic style reflected three centuries earlier in *Romeo and Juliet*.

consisted principally of benches,[4] and the English garden bench was either a "very heavy [and] clunky" park bench (Tr. 842) or was "more ornate because it was used as a garden ornament as opposed to being a really functional piece of furniture the way outdoor furniture is considered in the United States." Tr. 841-42, 894-95.

The first essential premise of VK's defense was thus fundamentally erroneous.

Second, while a small number of Imagineering's first designs were inspired by Heistad's seminal works, even those designs were not copies of the Heistad originals:

1. As is readily apparent from photographs, the spacing of the slats, the seat boards, the relative proportions of the components, the feet and the aprons are all different. *See* A9917-19; *compare* A8-28; Tr. 65, 114, 878-79.

2. Even more to the point, the Heistad collection consisted of **only eight** items, **not one of which was at issue in this litigation.** Tr. 131-32. There was no rocker, chaise lounge, swing or quarter circle settee among the Heistad items, and the Heistad chairs and tables are very different from those that VK replicated from the Imagineering line. *Id.* Imagineering did not thus "copy" from Heistad any of the designs in dispute.[5]

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[4] As Ms. Lukingbeal admitted, there are no rockers, chaises, swings or side chairs in English garden furniture. Tr. 1087 ("They consider that bad form to rock"); *see also* Tr. 840-41.

[5] The debility of VK's "copying" defense is perhaps best reflected by its need to rely on ill-chosen words in early advertisements and unsolicited articles (not admitted for their truth), notwithstanding clear photographic evidence to the contrary and the unrebutted testimony of Imagineering's president that in later "advertising where we use the word 'reproduction,' we [correctly] qualify that by saying we make repro-

Third, and quite clearly, Imagineering's collection consists of inherently and highly distinctive designs:

1. When it came on the market in the 1980s, it was "unique" with a "fresh kind of look.... At that time there was nothing else like it." Tr. 761. The collection represented "a totally new look." Tr. 832. The tapered arms were "absolutely distinctive" and the "sleek finish" was "a major innovation ... in garden furniture." Tr. 848-49.

2. Perhaps the most cogent evidence that Imagineering's designs are "highly distinctive" (Tr. 158) is the extraordinary volume of media coverage (A5282-993) devoted to the collection (Tr. 156-89), describing it as "novel" (Tr. 159), "exclusiv[e]" (Tr. 164), "sculptural" (Tr. 166), "equated ... to a Rolls Royce" (Tr. 169), and "graceful" (Tr. 170) "outdoor classics" (Tr. 174). As the coverage reflects, Imagineering's pieces are owned by Kevin Costner, Stephen Spielberg, Dustin Hoffman, Bill Cosby, the Rockefellers, the Rothschilds and the Edsel Fords (Tr. 176), and Tiffany's has used models of the "furniture to decorate their windows in conjunction with their jewelry." Tr. 185-86, 378. The hundreds of displays in the nation's leading design publications signify that the line is "very distinctive because it's received so much media attention and that in some ways it's famous. People recognize our product, that it has a cohesive and overall look or appearance." Tr. 178-79.

3. Conclusively, VK's largest dealer, previously a dealer for Imagineering, testified that he "had not seen anything like [Imagineering]" (Tr. 916); that he "liked the

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ductions that surpass the originals in style and durability and construction." Tr. 338-39. Indeed, the whole Heisted issue was a diversion because in an eighty year history, the designs were never commercialized so as to be part of what VK insists is the public domain. Tr. 50, 110.

design, the feel of it, the niche" and that it embodied a unique feel in and of itself. Tr. 918. He had himself advertised Imagineering's furniture as "incomparable." Tr. 959-60. VK, on the other hand, advertised that its **copied designs** were "distinctive." A10072; Tr. 1612 ("Our furniture is as comfortable and durable as it is elegant and attractive. It is distinctive furniture that you'll be proud to own for years to come."). As Mr. Lukingbeal testified, VK's furniture "was different from anything that [Ms. Lukingbeal] had seen, at any rate, in the United States.... [I]t was a distinctly different type of furniture from what she was aware of...." Tr. 1615.
VK's repeated insistence, therefore, that Imagineering's designs are nondistinctive and generic is effectively rebutted by the words of its own principal witnesses.

Finally, the true provenance of VK's designs is unequivocally clear:

1. First, given the enormous editorial coverage and extensive, full-page advertising devoted to Imagineering's furniture in the design and garden publications which Mrs. Lukingbeal acknowledged reading (Tr. 229-30),[6] VK's asser-

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[6] Between 1984 and trial, Imagineering expended more than $1.3 million on advertising (Tr. 191-93), each example featuring pieces in Imagineering's collection. A4713-5281. The advertisements have appeared in "Southern Accents, Interior Design, Landscape Architecture, New England Monthly, Metropolitan Home, Progressive Architecture, Design Times, Garden Design, American Horticulture, Mid Atlantic Monthly, The New York Times Magazine, House and Garden, Metropolis, Horticulture, Architectural Record, Historic Preservation, Country, Food and Wine, Gourmet, Maine Times, The Village Advocate, MIT Places, American Society of Interior Designers, Interior Designers of America" (Tr. 194), and Imagineering's advertising "has been very successful.... The publications that we advertise in very often put together survey material [asking readers if they] remember an ad ... and we have always scored very high in the surveys that have been done. I know in Architectural Record

tion that it was unfamiliar with Imagineering's collection when it decided to enter the garden furniture business is "highly unlikely," if not "[im]possible." Tr. 180, 831 ("you couldn't open a magazine on gardens or home design without seeing an ad or an article").

2. It is obvious from the record that VK, at the very least, had Imagineering's 1985 brochure at the time VK developed its designs. The brochure, **with the last page removed to delete the dated copyright notice**, was found in the files of the attorney VK consulted in 1987. Tr. 243-46, 1568; Px. 102. If Mr. Lukingbeal, as he testified, had first requested and received a brochure in July, 1987, he would have gotten Imagineering's **1986 publication**. Tr. 249-50.

3. It is also obvious that VK had the 1985 Smith & Hawken catalog featuring Imagineering's line. Tr. 197-200. The catalog (Px. 259) depicted an early "variation" of Imagineering's "Weatherend" chair with a shallow scoop on the front leg, a treatment which VK duplicated with "very few differences" (Tr. 198-99), and VK's initial offerings were "very similar to the [Imagineering's] pieces that had been advertised in Smith & Hawken." Tr. 205-06.

4. Even VK necessarily admits (Tr. 1498) that it had Imagineering's catalog in 1989 when, notwithstanding clear notice of Imagineering's rights (Tr. 198-99), it progressively extended its infringement to Imagineering's rocker, chaise lounges and armless chair. Tr. 213.

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in 1992, we were among the top ten...." Tr. 195-96. Such evidence, together with the unparalleled media coverage, *Harlequin Enters. Ltd. v. Gulf & Western Corp.*, 644 F.2d 946, 950 (2d Cir. 1981), and proof of intentional copying, *RJR Foods, Inc. v. White Rock Corp.*, 603 F.2d 1058, 1060 (2d Cir. 1979), establish that apart from their inherent distinctiveness, Imagineering's designs have acquired secondary meaning.

5. In addition, when, as the "final straw" (Tr. 218), VK designed its quarter-circle settee in 1991, VK had the blueprints for Imagineering's quarter-circle settee from a John Wayne Airport bid package. Tr. 214, 216-17.

6. Nonetheless, VK's principals adamantly denied initially even knowing about, or later being influenced by Imagineering's designs. *See* Tr. 1497-98. With respect, for example, to the quarter-circle settee, Mr. Lukingbeal testified that:

> it had nothing to do with the bloody John Wayne Airport. All it had to do with was Cawdor [Castle] up in Scotland, which [we visited in 1964 and which] clearly had very nice curved pieces. And to the best of our knowledge, that has sat up at Cawdor for umpteen years before there was either your client or us, a long time and absolutely nothing wrong.

Tr. 1601; *see also* 1098, 1100, 1599. Ms. Lukingbeal, who could not recollect even recent events, *e.g.*, how she had gotten an Imagineering catalog (Tr. 1129), the name of VK's attorney (Tr. 1130), her prior residence address (*id.*), which pieces VK had first produced (Tr. 1032), or the name of VK's photographer (*id.*), nonetheless clearly remembered with her husband that "we had seen [a curved bench in 1964] there when we had gone up to Inverness and out to see [Cawdor] castle." Tr. 1082.

7. At the time the Lukingbeals claim to have visited Cawdor Castle, they had "no idea" of going into the furniture business and took no pictures (Tr. 1602-03, *see also* Tr. 1111-12, 1131), and their account of having created a design in 1991 from twenty-five year old recollections was, on its face, "pretty ridiculous." Tr. 462-63.

8. More fundamentally, Cawdor Castle was **not open to the public in 1964.** Tr. 1752-53. As the trial judge thus observed at a post-trial hearing on March 30, 1994:

> at the trial, Ms. Lukingbeal revealed with that totally unbelievable story about having seen these things in Scotland that she and Mr. Lukingbeal were involved in a ... fabricated story.... That story was ... revealed as being false ..., on the trial there was evidence that it was absolutely false....

A8170. The Cawdor Castle story was obviously concocted from a **March 1991** article in House Beautiful. A4061-62; Tr. 1082.[7]

9. In point of fact, most dimensions of VK's chairs and settees were within a half inch of Imagineering's (Tr. 425), the coincidental likelihood of which was "impossible ... -- it would be a miracle." Tr. 432-33. Even a cursory visual inspection of the quarter circle settees that were exhibited to the jury (Pxs. 572-73) revealed that VK had simulated Imagineering's measurements, curvatures, sizing and placement of slats, unique arm configuration, front leg scoop and finish. As Mr. Harper, Imagineering's construction foreman, testified, it "didn't take much to figure out that someone had our drawings and copied them." Tr. 438-39.

10. VK's collection "was obviously and blatantly a copy of [Imagineering's] furniture." Tr. 747-48.

> [I]t's possible that two people could design the same looking sofa or rocking chair, but it's not possible when a catalog imitates the entire collection. Every piece of [Imagineering] furniture appears in,

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[7] It is thus here particularly appropriate that "due regard ... be given to the opportunity of the [fact finder] to judge of the credibility of the witnesses." *See* Rule 52(a), Fed.R.Civ.P.

> mostly in that VK catalog. And even the photographs are similar. Even the typeface used is similar.

Id. ("there is a ... very strong lifting of the core of the collection in the [VK] catalog"). The designs are "so strikingly similar ... that it was very confusing." Tr. 858.

11. John Saladino, a nationally renown expert in interior and furniture design (Tr. 731-36), with extensive knowledge of the Imagineering line, could not correctly select the originals from the copies, **even displayed side-by-side**, from a distance of twelve feet. Tr. 767-73. He could not do so even from a distance of **three feet**. Tr. 816-19. "[A]t a distance," even a professional "wouldn't be able to tell the difference" between the two collections. Tr. 858. "Without seeing them side by side, it's difficult [even for one familiar with the lines] to tell which is which." Tr. 898.[8]

12. Even beyond the appropriation of Imagineering's designs, the enormity of VK's taking from Imagineering's "total image" was virtually without limit:

a. Before Imagineering, no one had "advertise[d] a table upside down." Tr. 126, 130. VK adopted the same format, even photographing the underside of its product from the same angle. A10087.

b. Indeed, VK "elected to photograph [its entire line] and advertise it in the exact same format as [Imagineering's] photographs that were put together in 1986." Tr. 148, 228.

c. VK "elected to use a [similar] rectangular

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[8] Both Imagineering's President and its Executive Vice President testified that the minor differences that did exist were dictated by cost considerations, allowing VK to compete even more unfairly with Imagineering. Tr. 377, 81-83.

plate ... made out of brass, and they affix it in the same place we affix our brass tags." Tr. 154.

d. At the suggestion of the Mayor of Rockland, Maine (Tr. 334), Imagineering used in its 1985 catalog (A9920-33) the unusual British term "spanner," in lieu of the American term "wrench," to "convey a certain feel for the [its] furniture." Tr. 126, 237. VK used "spanner wrench" (Tr. 238), the equivalent of "wrench wrench." Tr. 334.

e. VK, quartered in Tennessee, adopted Maine-based Imagineering's references to "boat building" techniques (A10072), and touted the "nautical look" of the curved and tapered top rail of its low-back chair. Tr. 231.

f. For its rocking chair, VK adopted Imagineering's emphasis on a "safe rocking zone." Tr. 232-33.

g. Like Imagineering, VK also stressed the use of solid Honduras mahogany, West System glue, Awlgrip paint and epoxy applied to the feet of all pieces (Tr. 234-36), none of the latter three of which had before been used or featured by a furniture concern. Tr. 87, 89, 357, 396-97, 399.

h. In the 1985 Smith & Hawken catalog, Imagineering's swing was promoted with the phrase "Did you ever sit in a wooden swing on a summer eve under an elm and watch the fireflies?" VK adopted the phrase, "If you ever spent a June evening on a porch swing watching lightening bugs...." Tr. 241-42.

The probability that VK independently arrived at furniture designs, and independently created a promotional program, substantially identical in multiple, material respects to those earlier created by Imagineering, is obviously nonexistent.

B. Competitive Impact

VK argued to the jury, as it does repeatedly in its Petition (at 5, 13, 25-26, 32) that affording protection to Imagineering's designs would "impede competition" and afford to Imagineering a "patent-like monopoly." The jury and the Court of Appeals, however, were presented with **overwhelming** evidence to the contrary.

VK itself had manufactured Chartwell and Chippendale garden pieces that are of a "very different type of design" (Tr. 142-43), and there is a virtually unlimited number of other "designs available in the marketplace." Tr. 170, 183-84, 243, Tr. 758. Summit, Brandywine, Barlow-Tyrie, British American, Lister, Richardson Allen and many others produce highly marketable, "extremely well accepted" designs that look nothing like Imagineering's. Tr. 842-58; *see also* Tr. 379-80. In total, there were more than **forty** third-party catalogs in the record (*see* Px. 259, 280, 286.1, 579.1, 593, 1000.1, 1000.2, 1000.5, 1000.6, 1000.9, 1000.11, 1000.24, 1000.27, 1000.32, 1000.35; Dx. EF, GT, OT, OU, OV, OW, OX, OY, PA, PB, PC, XN, and CCJ.1 (a collective exhibit of fourteen catalogs))[9] of furniture that did not "even come close to infringing on [Imagineering's] design." Tr. 373-74. In, therefore, a field where even a single design change can represent "a major departure from the appearance of [Imagineering's]

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[9] It is instructive that to show Imagineering's designs were "common," VK offered **the same catalogs** that were offered by Imagineering to show **noninfringing alternatives**. Tr. 842-58. Confronted not only with the catalogs, but with such a courtroom full of furniture that the trial court was prompted to remark, "if you bring any more ... in here we'll have to have a sale" (Tr. 458), the jury clearly opted for Imagineering's characterization.

product line" (Tr. 308-09), VK clearly "didn't have to knock off" Imagineering to produce a competitive or marketable product. Tr. 859.

The jury necessarily concluded, to paraphrase the *Wallace* decision repeatedly cited in VK's Petition (at 15, 31, 32), that Imagineering had shown "secondary meaning [and inherent distinctiveness] in a **precise expression** of [American] style" furniture and that because "numerous alternative ... designs [were] available to competitors," VK should be "excluded from using an identical or virtually identical design." 916 F.2d at 81 (emphasis supplied). Without, of course, investing the enormous sums required for original designs, quality manufacturing methods and extensive marketing (Tr. 358, 374-75), VK would like to "piggyback" on Imagineering's efforts. Tr. 821. That, however, is not competition; it is unfair competition, and there is no legally protectable, **competitive** interest in permitting misappropriation of another's good will:

> One who elects to build a business on a product found to infringe cannot be heard to complain if an injunction against continuing infringement destroys the business elected.

Windsurfing Int'l, Inc. v. AMF, Inc., 782 F.2d 995, 1003 n.12 (Fed. Cir. 1986).

C. Source Identification

VK insisted below, and here asserts (Petition at 7, 20, 22), that it "plainly marked its ... furniture with its own source-indicating trademark"; that "both parties clearly label their products." As, however, for the **small** rectangular nameplates located on the **back, underside rails of its pieces**, even

VK's counsel:

> had to flip the chairs over to show the jury so he could read the tags. It's not something you can just walk up to and see. You have to actually move, physically move the furniture to read the tags.

Tr. 386. With respect to Imagineering's nameplates, the following colloquy transpired (Tr. 1052-53):

> THE COURT: The rectangular nameplate is on your items?
>
> MS GULLOTTI: Yes, sir.
>
> THE COURT: Where? It's not visible, is it.
>
> MS GULLOTTI: It is if you tip the chair upside down.

Far more prominent signage did not suffice in *Two Pesos,* and it is generally recognized that "[d]isplay of the infringer's name ... is least likely to avoid confusion when the infringement involves the design of the item itself and not the package or the trade name." *T&T Mfg. Co. v. A.T. Cross Co.,* 449 F. Supp. 813, 820-22 (D.R.I.), *aff'd,* 587 F.2d 533 (1st Cir.), *cert. denied,* 441 U.S. 908 (1978); *see also Holiday Inns, Inc. v. 800 Reserv., Inc.,* 838 F. Supp. 1247, 1255 (E.D. Tenn. 1993) (unfair competition despite disclaimer by defendants immediately upon contact by consumers).

D. Purchaser Confusion

As if it were dispositive, VK emphasized to the jury, and iterates in the Petition (at 7, 31 n.13), the absence of evidence that a consumer had actually purchased its furniture believing that it came from Imagineering. VK argues in the Petition (at 21-22) that "consumers have a right to be protected from *confusion as to source* and this is the focus of the Lanham Act ..., the focus is on the protection of consumers, not the

protection of producers as an incentive to product innovation."

It is, however, hornbook law that:

> [A plaintiff] need not prove actual confusion on the part of actual consumers. Prior to 1962, § 32(1)(a) of the Lanham Act, 15 U.S.C. § 1114(1) required confusion, mistake or deception by "purchasers as to the source or origin of such goods or services." In 1962, the quoted words were deleted, **specifically to allow any kind of confusion in support of a trademark infringement action.**

Marathon Mfg. Co. v. Enerlite Prods. Corp., 767 F.2d 214, 221 (5th Cir. 1985) (citations omitted; emphasis added). **Any** type of confusion or mistake can trigger liability under the Lanham Act. *See, e.g., Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955).

In this framework, there was an overwhelming body of evidence as to actual confusion of Imagineering's own employees (Tr. 225-26, 431, 980), its independent agents (Tr. 226, 984-85), its expert witnesses (Tr. 750, 896-97) and its customers (Tr. 643-44, 648-49). As even Mr. Lukingbeal testified (Tr. 1560):

> A. In the spring, summer, rather, 1987, after we started to advertise, we received a lot of calls from former Weatherend dealers and former Weatherend reps. As a matter of fact, one person called -- a man called who claimed to represent Weatherend in Virginia who saw our ad and called us and wondered if he might sell his furniture through us. He thought we were a dealer.
>
> Q. For Weatherend?
>
> A. Yes, ma'am.
>
> Q. He thought you were a dealer for Weatherend?

A. That's the impression he conveyed, yes, ma'am.[10]

In this case, Imagineering's particular concern was with **post-sale confusion**: that "the consumer may attribute any perceived inferior quality of [defendants' product in the field to plaintiff], thus damaging [plaintiff's] reputation and image." *Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 989 (Fed. Cir. 1993). Major components of VK's quarter-circle settee were constructed not of Honduras mahogany, an expensive, stable, rot-resistant wood that is particularly suitable for outdoor use, but of cheap luan bending ply, a non-durable "garbage wood" with "very light resistance to decay." Tr. 396, 443-44 (the defect is "not repairable" and the product is "bound for the dumpster"), 555 ("this material simply isn't appropriate for furniture in any case, let alone exterior furniture, let alone expensive exterior furniture"), 592-93, 598-99. The material "delaminated" -- literally came apart -- during testing (Tr. 593-94),[11] and seat boards had fractures hidden by paint. Tr. 447-48.

Overall, VK's construction techniques were "quite amateur." Tr. 424. Underneath the surface, the "joinery was absolutely terrible." Tr. 426. Dissection of VK's chairs revealed "holes drilled quite oversize, ... extremely poor

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[10] As the Court of Appeals noted, "[b]ecause dealers and experts are more sophisticated about the origins and sources of product lines than average consumers, their confusion is 'highly probative on the question of whether a likelihood of confusion exists.'" 53 F.3d at 1265 (citation omitted).

[11] Mr. Lukingbeal testified on direct that he discontinued using luan ply in July, 1992. Tr. 1531. On cross-examination, however, he conceded that VK was still using the material in the summer immediately preceding trial. Tr. 1575. Significantly, VK concealed such use from both Imagineering's (Tr. 538, 554, 580), and its own expert. Tr. 1295.

tolerance, lots of glue voids" (Tr. 428), and while the gaps in joints were "concealed under paint" (Tr. 534), components "fell right apart on me." Tr. 430. With respect to one joint, Thomas Moser, a nationally recognized manufacturer of hand-crafted furniture (Tr. 502-14), testified:

> We call this a dime fit; that is to say, you can drop a dime through it.... there's an opportunity for moisture to penetrate. And that moisture entering into a dowel is a time bomb. It's only a matter of time that joint is going to fail.

Tr. 550-51.[12] "Fine furniture simply is not made that way." Tr. 553-55. "If you don't have close fitting parts you'll have a piece of furniture that will fall apart." Tr. 406, 543.[13]

VK's equipment, however, simply was "not capable of consistent ... joinery" (Tr. 518-19): "jigs, fixtures and other techniques to reproduce components were less than professional" (Tr. 520); they were "amateur ... not industrial, professional or engineered for repetitive work." Tr. 521-22, 532-33. As for the finish, "the [VK] bench seemed very well spray painted where it showed, but in many critical locations ... hidden from view there was no finish. It was sort of a out of sight, out of mind ... approach to protecting the wood ...." Tr. 595-96. "[T]here were lots of bare wood areas where the finish is going to fail real quick." Tr. 426. There was thus "absolutely no comparison" in quality between Imagineering and VK. Tr. 454.

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[12] As VK's expert testified, "[a] good fit is ... suppose to be perfectly airtight" (Tr. 1278), and he conceded as to VK's joints, "[m]oisture could get in eventually." Tr. 1277.

[13] VK's dealers, of course, were given samples of tight-fitting joints as (mis)representative of its quality. Tr. 930-31.

While, however, there was irrefutable evidence that VK's furniture was substantially inferior, "just looking at the benches ..., there is a very good paint job on [the visible surfaces]" so a purchaser could believe they were comparable. Tr. 751-52. As Imagineering's production manager thus testified at trial (Tr. 449-51):

> Q. What was your impression of the overall quality in the VK settees?
>
> A. To me, there's no comparison at all. I would be ashamed to build a piece of furniture like that.
>
> Q. Do they look the same?
>
> A. From the outside yes, they do.
>
> Q. Do you think one in the market could substitute a VK for Weatherend and not realize what they've purchased?
>
> A. Sure.[14]
>
> * * *
>
> Q. [Y]ou testified you didn't believe [VK's furniture] would last as long as [Imagineering's] because of the Luan mahogany, is that correct?
>
> A. Right. It's not going to last very long at all, no.
>
> Q. What happens when the settee deteriorates in the field?
>
> A. When that settee, VK deteriorates in the field the

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[14] VK's agents and others not only could (Tr. 751) but, in fact, did substitute its furniture for Imagineering's (Tr. 753-54, 805-06, 954), requesting, *e.g.*, furniture from VK "similar to [Imagineering] as shown on attached cut sheet," an Imagineering specification. Tr. 961-63; A9910, 9913-14. At retail, VK's dealers were "recommending VK from a[n] ... equal quality and similar design standpoint." A9906. Potential customers were told that VK is "comparable to [Imagineering]. But it was a third less" (Tr. 720) -- that the extra for [Imagineering] was just for "mystic or an allure." Tr. 721.

customer is going to be frustrated because any costs to repair it are going to be major because these plywood parts are structural parts of that settee. They're not just a slat or an arm, but they're the supporting aprons and supporting rails, so they're going to experience major costs to repair it.

* * *

Q. As it's sitting in the field deteriorating, is it possible one might think it's Weatherend furniture?

* * *

A. I would hope not. But due to the design, I would say yes.

See also Tr. 385-86. Customers, **in fact**, have imputed problems with VK to Imagineering, (Tr. 648-49), and VK products are currently deteriorating in the field even under optimum conditions. Tr. 221-22.

E. Trade Dress

In the District Court, VK argued, as it does here (Petition at 11, 29, 33), that Imagineering had not identified its trade dress and that its "furniture does not have a consistent overall look." As the District Court recognized, of course, it is complex to describe a "look" (A48-49) (citation omitted):

> [There are] difficulties inherent in relying upon mere words and phrases to describe the "total image of a product, which image may include features such as size, shape, color or color combinations, texture or graphics." To require that Imagineering describe its trade dress only in prose would run the risk, first, that the description might not adequately describe this "image," and, second, that defendants would be provided numerous opportuni-

ties to seek to evade the injunction's proscription by, for example, changing one aspect of a multi-faceted "image" and claiming that the trade dress, as defined, was not being infringed.

In product configuration cases, to indeed, defendants typically seek to compartmentalize and separately attack trade dress features, *see, e.g., LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 76-77 (2d Cir. 1985), but as the predecessor to the Federal Circuit recognized:

> [Purchasers] do not engage in trademark dissection. Legal surgery, in which trademarks [and dress] have parts enhanced or discarded, is of little aid in determining the effect of design marks on purchasers who merely recollect. The scalpel is employed by lawyers, not purchasers.

Grandpa Pidgeon's of Missouri, Inc. v. Borgsmiller, 477 F.2d 586, 587 (C.C.P.A. 1973).

In properly focusing, therefore, on the "total image" created by Imagineering's trade dress, a review of the depictions of its pieces attached to the Permanent Injunction (A8-28) immediately reveals that the line is not a mere hodge-podge of unrelated pieces; to the contrary, there is a clear visual coherence in the use and spacing of slats, a substantial conformity in the configuration of arms and forelegs, and a predominance of soft curvatures. There is no "one identifying" feature, but "it's a combination of the tapered arms, contoured front leg[s], and the slatted back[s]." Tr. 260. As Imagineering's expert witness testified, the Imagineering "**line** is a very distinctive look.... [It] has a **harmonious line of furniture** which sets it apart from other manufacturers."

> Very often, you'll get a bench and maybe a table [but] with [Imagineering] they have many different ... kinds of pieces in their line so that you can use all the pieces in

> the same garden and **they work well together**. That was something I really appreciate about [Imagineering] furniture.

Tr. 843-44 (emphasis added). As Imagineering's president testified, "people do recognize our product, that it has a cohesive and overall look or appearance." Tr. 178-79. "[T]he [Imagineering] line has a consistency and single identity;" "there's a distinct overall appearance ... and thematic consistency." Tr. 308, 315. Imagineering advertises its furniture as an "innovative collection" (A9934, *et seq.*) of "36 gracefully sculptured pieces." *See* A4908.

VK, of course, understands full well the import of Imagineering's evidence: VK not only claimed that its look-alike line was distinctive (Tr. 1612), but it **advertised how well the various pieces work together**. *See, e.g.*, A10081, *et seq.* ("This sturdy and attractive high back chair fits well with all of our furniture." "The settee is usually the anchor for groupings of our furniture and blends well with all the furniture in our line." The round table "looks especially good accompanied by our chairs and 66" benches." "The coffee table is designed to be used with our chairs and settees" and the side chair "is very attractive standing alone or grouped with other pieces of our furniture.").[15] VK repeatedly referenced the "tapered arms" of its pieces and the "nautical look" of its chair crest rails (*id.*), and as cogent evidence of copying, one customer accepted a VK 60-inch table as a

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[15] While, therefore, VK is incorrect in asserting that the "overall appearance" of Imagineering's Isleboro table is "different" from Imagineering's Jackson chair (Petition at 11-12), the relevant point is that the chair and the table are totally compatible and "work well" together. The table also works well with other Imagineering pieces, *e.g.*, its quarter-circle settee (A15), and with curved benches not here at issue.

replacement for his Imagineering table to go with his existing Imagineering chairs. Tr. 1183-84.

Still further, to reiterate, trade dress "'may include features such as ... particular sales techniques,'" *Two Pesos,* 112 S. Ct. at 2755 n.1, and in this framework, the consistent image of both parties to this action extended beyond furniture designs to "solid Honduras mahogany," "West System epoxy ... developed for boat builders," and "AWLGRIP paint." *See* A10072-73; *compare* Tr. 33-34. Accordingly, there was overwhelming evidence as to both Imagineering **and** VK of "a consistent overall look" composed of both nonfunctional design elements and functional underlying components.

II. UNDER THE FACTS OF THIS CASE, THERE IS NO POSSIBLE CONFLICT BETWEEN PATENT AND TRADE DRESS LAW

If Imagineering's designs were generic and functional, such that affording them protection would impede competition, a conflict would exist between patent and trade dress law. Based, however, on a record of more than ten thousand pages, the Court of Appeals concluded that there was substantial evidence to the contrary. The premise for VK's argument is **factually** nonexistent.

In citing *Sears, Roebuck & Co. v. Stiffel Co.,* 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.,* 376 U.S. 234 (1964), for the **legal** proposition that there is an inherent tension between patent and trade dress law, VK ignores *Compco's* recognition that Congress may provide "other federal statutory protection" against the misappropriation of configurations potentially subject to design patents. *See* 376 U.S. at 238. VK also ignores thirty years of develop-

ment under just such a statute, culminating in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753 (1992), in which this Court implicitly extended protection under section 43(a) of the Lanham Act, 15 U.S.C. 1125(a), to "distinctive marks of all kinds, whether the claimed mark used distinctive words or symbols or **distinctive product designs.**" 112 S. Ct. at 2759 (emphasis supplied). In that thirty year period, courts have "consistently held that a product's different qualities can be protected simultaneously, or successively, by more than one of the statutory means for protection of intellectual property." *Kohler Co. v. Moen Inc.*, 12 F.3d 632, 638 (7th Cir. 1993).

In this case, in keeping with this Court's application of section 43(a) in *Two Pesos*, Imagineering offered substantial evidence: (i) that its designs were inherently distinctive; and (ii) nonfunctional (that "competition [would] not be stifled by the exhaustion of a limited number of trade dresses");[16] and (iii) that there was a likelihood of confusion between its trade dress and VK's intentionally copied line. *See* 112 S. Ct. at 2761. Because this combination of facts is not a prerequisite for utility or design patent protection, there is not, and cannot be, a conflict between federal patent and trade dress law, or an impairment of competition, where the combination exists:

> Trademark rights, or rights under the law of unfair competition, which happen to continue beyond the expiration of a design patent, do not "extend" the patent

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[16] Significantly, Imagineering offered substantial evidence of nonfunctionality, notwithstanding Second Circuit authority that functionality is an affirmative defense, with VK, and not Imagineering, bearing the burden of proof on the issue. *See LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 75 (2d Cir. 1985); *see also Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 863 (1982) (White, J., concurring) ("[F]unctionality is a defense to a suit under § 43(a) of the Lanham Act.").

monopoly. They exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other.

Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts, 944 F.2d 1235, 1240 (6th Cir. 1991) (quoting *In re Mogen David Wine Corp.,* 328 F.2d 925, 930 (C.C.P.A. 1964)), *cert. denied,* 112 S. Ct. 3028 (1992); *see also W.T. Rogers v. Keene,* 778 F.2d 334, 337 n.8 (7th Cir. 1985) ("The trademark owner has an indefinite term of protection, it is true, but in an infringement suit must also prove secondary meaning and likelihood of confusion, which the owner of a design patent need not do; there is therefore no necessary inconsistency between the two modes of protection."). Indeed, protection of distinctive, nonfunctional trade dress from confusingly similar copies "foster[s] competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Two Pesos,* 112 S. Ct. at 2760. Without protection here, Imagineering's reputation would have been rapidly eroded by post-sale confusion with VK's substantially inferior products.

Accordingly, "*Sears* and *Compco* do not preclude a court from affording protection from infringement of a design element that has achieved secondary meaning and is nonfunctional, **notwithstanding the absence of a patent.**" *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.,* 685 F.2d 78, 81 (3d Cir. 1982) (emphasis added); *see also LeSportsac, Inc. v. K Mart Corp.,* 754 F.2d 71, 75 (2d Cir. 1985) ("[W]e have recognized that the design of a product itself may function as its packaging, serving to distinguish it from other products, and hence may be protectable trade dress under § 43(a)."). **Every Circuit to address this issue has resolved it against VK's position.** *See, e.g., Kohler v. Moen,* 12 F.3d at 638

(7th Cir.) (holding nonfunctional distinctive appearance of product entitled to trade dress protection); *accord Shakespeare Co. v. Silstar Corp.*, 9 F.3d 1091, 1092 (4th Cir. 1993), *cert. denied*, 114 S. Ct. 2134 (1994); *Ferrari v. Roberts*, 944 F.2d at 1239 (6th Cir.); *Bauer Lamp v. Shaffer*, 941 F.2d at 1168 (11th Cir.); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 515 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989); *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 516 (10th Cir. 1987); *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 803-04 (D.C. Cir. 1987); *In re D.C. Comics, Inc.*, 689 F.2d 1042, 1045 (C.C.P.A. 1982); *Truck Equipment Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1218 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976). Entry of the relief requested by VK thus would necessitate the wholesale reversal of decades of well-established principles under the Lanham Act.[17]

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[17] Section 43(a) proscribes, of course, not only "any false designation of origin" that "is likely to cause confusion," but also any "misleading representation of fact" that "in commercial advertising or promotion, misrepresents the nature, characteristics [or] qualities" of goods, 15 U.S.C. § 1125(a), and there was a plethora of evidence that VK's materials misdescribed its construction techniques and components. *See, e.g.*, Tr. 757, 1576. Even, therefore, if this case did potentially present a conflict between patent and trade dress law, it would not be an appropriate candidate for review because the result below is wholly sustainable under proscriptions against false advertising: obviously, VK would not have taken business from Imagineering (*see* Tr. 221-22, 805-06) had VK truthfully revealed that its settees were "time bombs" constructed of "garbage wood" and waiting to disintegrate.

III. UNDER THE FACTS OF THIS CASE, THERE IS NO POSSIBLE CONFLICT BETWEEN PATENT LAW AND STATE UNFAIR COMPETITION LAW

If New York sought, under its laws of unfair competition, to protect designs irrespective **factually** of whether an article "could be made in some other way, [or whether] the design [was] 'nonfunctional' and not essential to use ..., [or whether] the configuration of the article [was inherently distinctive or] may have a 'secondary meaning' which identifies the maker to the trade, [or whether] there may be 'confusion' among purchasers," *Compco*, 376 U.S. at 238, then New York law would be preempted by federal patent law. Imagineering, however, offered substantial evidence as to every preemption exception enunciated in *Compco*, and VK's preemption argument is **factually** bereft of merit.

VK insists as a matter of **law** that Imagineering's damage recovery under New York unfair competition principles is nonetheless preempted because "Imagineering's alleged trade dress resides in the three dimensional design of its furniture" that is now ineligible for design patent protection. Petition at 23. In *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 154 (1989), however, this Court expressly observed:

> Trade dress is, of course, potentially the subject matter of design patents.... Yet our decision in *Sears* clearly indicates that the States may place limited regulations on the circumstances in which such designs are used to prevent consumer confusion as to source.

Quoting *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979), this Court went on to note that "[s]tate law is not displaced merely because the contract relates to intellectual property which may or may not be patentable; the states are

free to regulate the use of such intellectual property in any manner not inconsistent with federal law." 489 U.S. at 156.

In this framework, New York unfair competition law proscribes: (i) a bad faith misappropriation of plaintiff's labor and expenditures (ii) with an intention to benefit from its good will (iii) that creates likelihood of confusion. *Flexitized, Inc. v. National Flexitized Corp.*, 335 F.2d 774, 781 (2d Cir. 1964); *Centaur Communications v. A/S/M Communications*, 652 F. Supp. 1105 (S.D.N.Y.), *aff'd*, 830 F.2d 1217 (2d Cir. 1987); *Lincoln Restaurant Corp. v. Wolfey's Restaurant, Inc.*, 291 F.2d 302 (2d Cir. 1961). Any assertion that such purposes are **legally** at odds with patent law is so lacking in substance as to merit a frivolous label.

Factually, notwithstanding VK's continued insistence that "it did not" copy (Petition at 13), the evidence before the jury was overwhelming that:

1. VK's initial designs were, in fact, copied from Imagineering.

2. VK appreciated that the designs were distinctive.

3. VK was notified as to the illegality of its conduct before shipping its first piece of furniture.

4. Far from desisting, VK progressively extended its copying to Imagineering's rocking chair, quarter-circle settee and a host of other designs.

5. VK knew that its copies were causing confusion.

6. VK knew that its furniture was being substituted for Imagineering's in bidding contexts.

7. VK knew that its line was inadequately marked and that retail customers were being encouraged to choose its "cheaper [furniture] for the purpose of acquiring the prestige gained by displaying what many visitors ... would regard as

a prestigious article." *Mastercrafters Clock & Radio Co.*, 221 F.2d at 466; *see* Tr. 805-06.

8. Yet VK's sole response was to fabricate testimony to conceal the true source of its designs.

To suggest that states are helpless to prevent such conduct is to carry advocacy beyond acceptable limits.

CONCLUSION

The Petition for Ceritorari depends on factual predicates rejected by the jury. On the facts found by the jury, the Court of Appeals' decision was a proper application of trade dress law and is consistent with the rule in every Circuit to address the issue. Because the issues raised by the petition do not require the Court's attention, Respondent respectfully requests that the Court deny Petitioners' request for certiorari.

Respectfully submitted this 23d day of August, 1995,

Miles J. Alexander*
Jerre B. Swann
Theodore H. Davis, Jr.
Kilpatrick & Cody
1100 Peachtree Street
Suite 2800
Atlanta, Georgia 30309
(404) 815-6500

Susan Farley
Heslin & Rothenberg
5 Columbia Circle
Albany, New York 12203
(518) 452-5600

*Counsel of Record

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No. 95-127

In The

Supreme Court of the United States

October Term, 1995

VAN KLASSENS, INC.
AND
ROBERT LUKINGBEAL,

Petitioners,

v.

IMAGINEERING, INC.,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

MOTION OF PASS & SEYMOUR, INC. TO FILE AN AMICUS CURIAE BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI AND AMICUS CURIAE BRIEF

Paul F. Kilmer, Esq.*
Thomas W. Brooke, Esq.
GADSBY & HANNAH
1747 Pennsylvania Avenue, N.W.
Suite 800
Washington, D.C. 20006
202/429-9600

Attorneys for Pass & Seymour, Inc.
*Counsel of Record

Balmar Legal Publishing Services, Washington, D.C. (202) 682-9812

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No. 95-127

In The

Supreme Court of the United States

October Term, 1995

VAN KLASSENS, INC.
AND
ROBERT LUKINGBEAL,

Petitioners,

v.

IMAGINEERING, INC.,

Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

MOTION FOR LEAVE TO FILE BRIEF AND BRIEF OF PASS & SEYMOUR, INC., AS AMICUS CURIAE IN SUPPORT OF THE PETITION

Pass & Seymour, Inc., (hereinafter "Pass & Seymour") hereby moves, pursuant to Rule 37.2 of the Rules of this Court, for leave to file the attached Brief Amicus Curiae in support of the Petition for Certiorari. Counsel for Van Klassens, Inc., and Robert Lukingbeal (hereinafter collectively "Van Klassens") has consented to the filing of this brief. A copy of the consent letter is filed concurrently with the Clerk of the Court. However, counsel for the Respondent has withheld consent.

Pass & Seymour is a manufacturer of electrical plugs and connectors, some of which have been designed based in part upon expired patents previously held by other companies. On

or about October 20, 1994, Hubbell Incorporated (hereinafter "Hubbell"), another manufacturer of electrical plugs and connectors, filed a complaint in the United States District Court for the Southern District of New York (Civil Action No. 94 CIV. 7631) alleging, *inter alia*, that Pass & Seymour had infringed the trade dress rights of Hubbell in product configurations for plugs and connectors.

Upon review of the underlying facts, it was discovered that Hubbell had been granted two design patents for plugs and connectors identical or similar to the alleged product configuration trade dress on which Hubbell based its claims against Pass & Seymour. In addition, it was found that Hubbell had been granted a utility patent for plugs and connectors in which the "best mode" for practicing the invention recited a product configuration substantially similar to that at issue before the District Court. It was further determined that both of the design patents and the utility patent had expired.

Pass & Seymour subsequently filed a Motion to Dismiss the trade dress portion of Hubbell's case based upon the decisions of this Court in *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite*, 376 U.S. 234 (1964); and *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), among others. While Pass & Seymour's Motion to Dismiss was under advisement, this Court issued its decision in *Qualitex Co. v. Jacobson Products Co., Inc.*, __ U.S. __, 115 S.Ct. 1300 (1995). That decision and the relevant language therein relating to the public domain status of the subject matter of expired patents was brought to the attention of the District Court by Pass & Seymour.

Despite the precedents of this Court, the District Court in *Hubbell* ruled that Hubbell could claim trade dress rights in a product configuration which was the subject matter of expired design and utility patents. During the course of that decision, the District Court indicated that the discussion by this Court in

Qualitex regarding the public domain status of expired patents was ambiguous and might not apply to expired design patents. The initial decision of the District Court in the *Hubbell* action forms part of the appendix to the Brief of Pass & Seymour.

In a subsequent order, the District Court refused to certify the product configuration issue to the Second Circuit. A copy of that decision is also in the appendix to the Brief of Pass & Seymour.

Due to decisions such as that of the District Court in the *Hubbell* action, Pass & Seymour, along with many other companies, can no longer rely upon the "public domain" status of expired or invalidated patents in making decisions regarding the design and manufacture of products. The decision of the United States Court of Appeals for the Federal Circuit in *Van Klassens, Inc. v. Imagineering, Inc.*, presents a situation parallel to that faced by Pass & Seymour in the *Hubbell* action. A determination by this Court that *Imagineering* was wrongly decided by the Federal Circuit would likely lead to the dismissal of all of Hubbell's trade dress claims against Pass & Seymour.

In short, the issues raised by Petitioners affect directly the vital interests of Pass & Seymour in the action brought by Hubbell before the United States District Court for the Southern District of New York. Petitioners' assertions and this Court's treatment of those assertions will also affect the future ability of Pass & Seymour and others to determine whether they may rely upon the subject matter of expired or invalidated patents in bringing products to the marketplace.

For these reasons, Pass & Seymour respectfully requests leave to file the attached brief, and urges this Court to grant Van Klassens' Petition and reverse the decision below.

Respectfully Submitted:

Paul F. Kilmer*
Thomas W. Brooke
GADSBY & HANNAH
1747 Pennsylvania Avenue, N.W.
Suite 800
Washington, D.C. 20006

(202)429-9600
*Counsel of Record

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Ignoring or circumventing the precedents of this Court in the trade dress field[1] has been characterized in a recent decision of the Tenth Circuit as "a veritable jurisprudential art form in recent years." *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 35 USPQ2d 1332, 1337 (10th Cir. 1995) and cases cited therein. This revolt among a number of lower courts has

[1] *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938); *Sears, Roebuck & Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964); *Bonito Boats v. Thundercraft Boats, Inc.*, 489 U.S. 141 (1989).

taken place despite the clear dictates of the Constitution, the patent statute and the precedents of this Court, all of which require that unpatented creations in the sciences and useful arts remain in the public domain, free for all to use. Art. I, Sec. 8, Cl. 8; *See* 35 U.S.C. §§ 154, 173.[2]

The Founding Fathers strongly believed that progress of science and the useful arts depends upon restricting the duration of protection for patentable products to "limited times." U.S. Const., Art. I, Sec. 8, Cl. 8. This formula of limited protection is necessary to prevent perpetual monopolies of inventions. *Graham v. John Deere Co. of Kansas City, supra; Merchant & Evans v. Roosevelt Bldg. Products*, 963 F.2d 628, 633 (3rd Cir. 1992). The patent system incorporates this idea and further requires that patent protection be afforded only when a product is both novel and non-obvious to a person skilled in the particular field of the alleged invention (often referred to as one "skilled in the art")[3]. If a product is not novel or is obvious (in light of prior patents or material in the public domain) to one "skilled in the art," then the product may not be protected by patent and, like the subject matter of expired or invalidated patents, is free for all to use. 35 U.S.C. §101 *et seq.*

This Court has consistently ruled that common law precepts of unfair competition and state statutes that seek to protect

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[2] The right to imitate industrial products is essential to free and fair competition. *American Safety Table Co., Inc. v. Schreiber*, 269 F.2d 255, 271-272 (2d Cir.), *cert denied*, 361 U.S. 915 (1959) ("[I]mitation is the life blood of competition. It is the unimpeded availability of substantially equivalent units that permits the normal operation of supply and demand to yield the fair price society must pay for a given commodity...Unless such duplication is permitted, competition may be unduly curtailed with the possible result of development of undesirable monopolic conditions."); *Graham v. John Deere Co. of Kansas City*, 282 U.S. 1,6 (1966) (Congress "may not create patent monopolies of unlimited duration.")

[3] *See Bonito Boats*, 489 U.S. at 148 and 150; *Lon Tai Shing Co, Ltd. v. Koch + Lowy*, 19 USPQ2d 1081, 1105 (S.D.N.Y. 1990).

designs must give way to the goals of the patent clause of the Constitution and the federal statutes which implement it[4]. In fact, were the claims of Imagineering in the current action based solely upon state law, those assertions should not have survived a motion to dismiss since this Court has unequivocally held that the subject matter of an invalidated design patent is incapable of forming the basis for common law or other State claims for unfair competition. *See, Sears, supra*; *Compco, supra*.

The lower courts have finessed this situation by placing reliance on Section 43(a) of the Trademark Act of 1946 (As Amended) (15 U.S.C. §1125(a)) for their recent grants of unlimited protection to product configurations. *See Brunswick Corp v. Spinit Reel Co.*, 832 F.2d 513 (10th Cir. 1987); *Kohler Co. v. Moen, Inc.*, 12 F.3d 632 (7th Cir. 1993). However, Section 43(a) was never intended to usurp the role of the patent clause of the Constitution or its implementing legislation. The original intent of Section 43(a) was to prevent the use of false designations of geographic origin. *Vornado*, 35 USPQ2d at 1335. Solely through judicial interpretation, that statute has become a federal common law of unfair competition. *Id.* The broad interpretation of a statute originally narrowly drawn to address a particular limited wrong (false geographic indications of origin) is hardly a compelling basis on which to overturn the intent of the framers of the Constitution or the specific limitations placed on protection of inventions by the patent law. 35 U.S.C. §101 *et seq.*; *See Vornado, supra*; John B. Pegram "Trademark Protection of Product and Container Configurations," 81 *The Trademark Reporter*, 1 (1991) (hereinafter "Pegram") and Melissa R. Gleiberman, Note, "From Fast Food to Fast Cars: Overbroad Protection of Product Trade Dress Under Section 43(a) of the Lanham Act," 45 Stan.L.Rev. 2037 (1993) (hereinafter "Gleiberman").

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[4] Note 1, *supra*

The lower courts which have circumvented this Court's *Sears/Compco* line of precedents have largely ignored the ***result*** which those decisions sought to prevent (i.e. a perpetual monopoly in product configurations otherwise in the public domain), in favor of permitting trade dress protection based upon the difference in the ***process*** for determining patent and trademark infringement and different ***goals*** of the patent and trademark systems[5]. However, after *Bonito Boats*, scholars began to note that the lower courts were permitting precisely what this Court has consistently sought to prevent — a restraint on fair competition in the form of trade dress protection for product configurations that is potentially infinite in duration[6].

Some lower courts have begun to appreciate the perniciousness of allowing monopolies in product configurations outside the patent system[7]. For example, the Court of Appeals for the Federal Circuit has twice held that the use of a

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[5] *See, Brunswick, supra; Kohler, supra.*

[6] *See Pegram, supra; Gleiberman, supra.*

[7] The tendency of lower courts to ignore or circumvent the past decisions of the Supreme Court in this field may be based upon their desire to create a United States' counterpart for European-style industrial design law. However, it is clear that the United States does not currently have an industrial design statute. *Bonito Boats*, 489 U.S. at 167-68; *See* S.791 (DeConcini), H.R. 1179 (Moorhead), 100th Congress, 1st Sess. (1987) and Hearings on S.791 Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary, 100th Cong., 1st Sess. (1987). This court has recognized that "[a] federal decision to forego regulation in a given area may imply an authoritative federal determination that the area is best left unregulated, and in that event would have as much pre-emptive force as a decision to regulate." (emphasis in original)(quoting with approval *Arkansas Electric Cooperative Corp. v. Arkansas Public Service Comm'n*, 461 U.S. 375, 384 (1983)). Therefore, the fact that Congress has decided to forego industrial design protection and has limited patent terms to a fixed number of years is substantial support for the position that this Court has historically taken in refusing to use the vehicle of unfair competition law to grant perpetual protection to product configurations.

defendant's trademark on its goods may be sufficient to dispel a likelihood of confusion in trade dress actions[8]. *Conopco, Inc. v. May Department Stores Company*, 32 USPQ2d 1225 (Fed. Cir. 1994), *cert denied*, __ U.S. __ (1995); *L.A. Gear v. Thom McAn Shoe Co.*, 988 F.2d 1117 (Fed. Cir.), *cert. denied* __ U.S. __, 114 S. Ct. 291 (1993); *see Wallace International Silversmiths, Inc. v. Godinger Silver Art Co, Inc.*, 916 F.2d 76, 80 (2nd Cir. 1990), *cert denied*, 499 U.S. 976 (1991). The Tenth Circuit has gone further by holding that some product configuration trade dress actions must be barred based upon the unavoidable conflict which such protection would created with the goals of the patent system. *Vornado, supra*. The Third Circuit has approached the issue somewhat differently, but with the same result, by questioning whether the approach used in determining trademark infringement is appropriate where product configurations are at issue. *Duraco Products, Inc. v. Joy Plastic Enterprises, Ltd.*, 40 F.3d 1431 (3rd Cir. 1994); *Versa Products Co., Inc. v. Bifold Co.*, 50 F.3d 189 (3rd Cir. 1995).

The recent return by some lower courts to the principles of *Sears, Compco* and *Bonito Boats* has lead to conflicts among the Circuits. (compare: *Kohler, supra* with *Vornado, supra*[9]; *Duraco* and *Versa* with *Stuart Hall Co., Inc v. Ampad Corp*, 34 USPQ2d 1428 (8th Cir. 1995)).

With the advent of this Court's decision in *Qualitex Co. v. Jacobson Products Co., Inc.*, __ U.S. __, 115 S.Ct. 1300 (1995), it seemed that the matter of overbroad-protection for product configurations should have been laid to rest. In *Qualitex*, the unanimous Court used an example drawn from patent law to illustrate the point that certain configurations are per se func-

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[8] Likelihood of confusion is the standard for assessing trade dress infringement. *Two Pesos, Inc. v. Taco Cabana, Inc.*, __ U.S. __, 1125 S.Ct. 2753 (1992).

[9] The dissent in *Kohler*, 12 F.3d at 644-651 (Cudahy, J. dissenting) follows much of the reasoning in *Vornado, supra*.

tional, no matter whether the basis asserted for protection is state or federal unfair competition law:

> It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited period of time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever.... Functionality doctrine therefore would require, to take an imaginary example, that even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent had expired, would impede competition — not by protecting the reputation of the original bulb maker, but by frustrating competitors' legitimate efforts to produce an equivalent illumination-enhancing bulb. *See e.g., Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119-120 (1938) (trademark law cannot be used to extend monopoly over the "pillow" shape of shredded wheat biscuit after the patent for that shape had expired).

Qualitex, 115 S.Ct. at 1304.

However, within weeks of the *Qualitex* decision, one district court had already determined that the quoted language was ambiguous and did not prevent trade dress protection for a product configuration that had been the subject of two expired design patents and one expired utility patent. *Hubbell Incorporated v. Pass & Seymour, Inc.*, 94 Civ. 7631, Opinion May 18, 1995, pp. 10-12 (attached as Appendix A) and *Hubbell Incor-*

porated v. Pass & Seymour, Inc., 94 Civ. 7631, Opinion, August 3, 1995 (attached as Appendix B). The *Hubbell* decision illustrates a simple and unfortunate fact: that despite a century of decisions by this Court holding that monopolies in product configurations cannot endure beyond the "limited terms" specified by the Constitution and the patent law, some lower courts continue to ignore or circumvent those clear precedents. The exceptions created by the lower courts make adoption of product configurations hazardous for businesses that rely upon the plain meaning of the patent law, which specifies that the subject matter of expired or invalid patents is free for all to use.

Conclusion

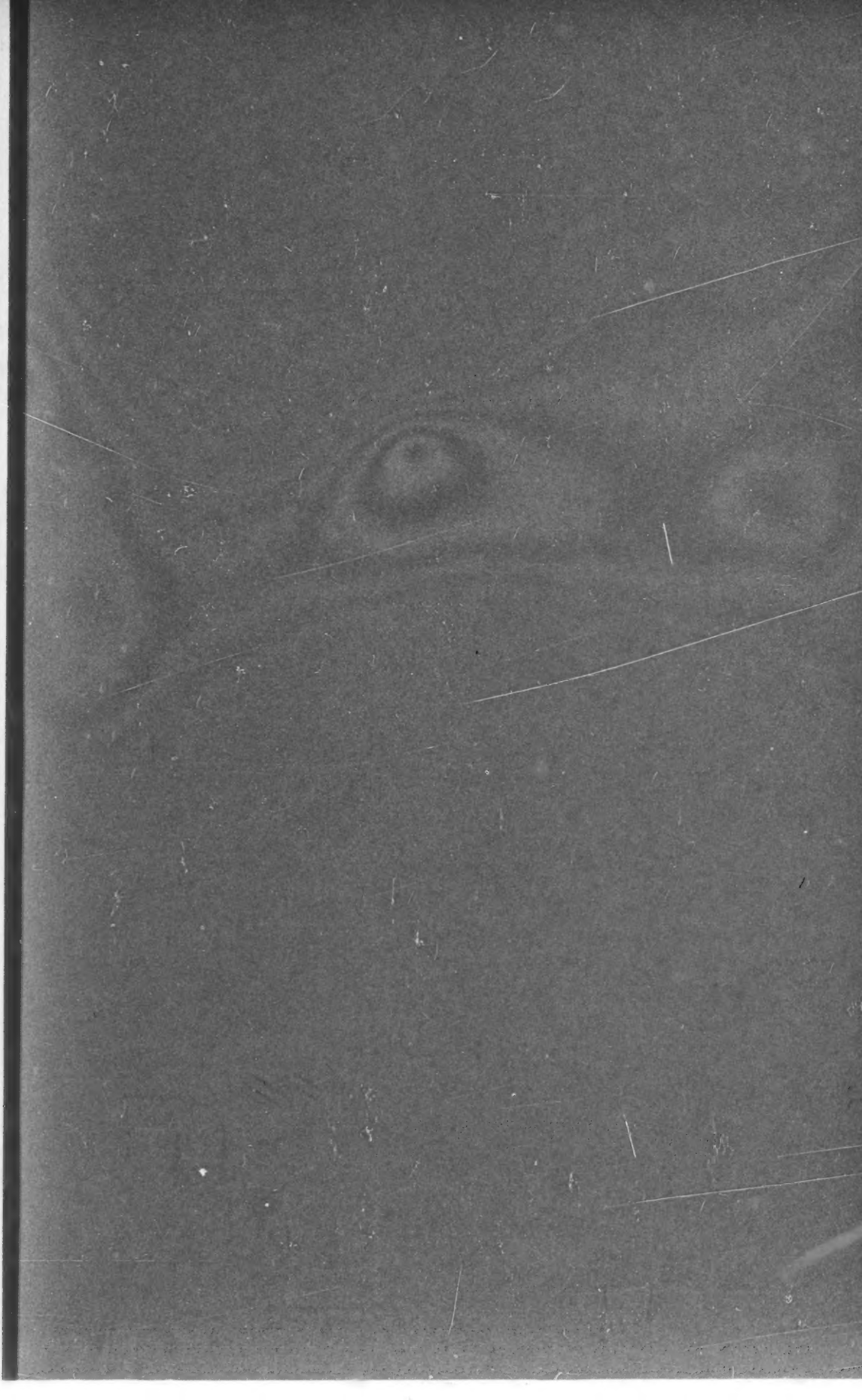
The Constitution's requirement of "limited terms" for patent protection was intended to inject some certainty into the process of competition. The bedrock of that commercial certainty is the principal that patented subject matter which enters the public domain by means of patent expiration or invalidation is free for all to use. That basic principal has been seriously and, from the standpoint of free and fair competition, dangerously eroded by decisions such as that in *Imagineering*. The decisions of the Tenth and Third Circuits in *Vornado, supra, Duraco, supra* and *Versa, supra* stand in clear contrast to the holding in *Imagineering* and demonstrate that a conflict exists among the Circuits on this issue.

There is a compelling need for this Court to inject certainty and consistency into the field of product configuration protection by clearly holding that the subject matter of expired or invalidated patents cannot be resurrected through either the state or federal law of unfair competition into a perpetual monopoly on that which should rightfully be in the public domain. For this reason, it is respectfully submitted that the petition for writ of certiorari submitted on behalf of Van Klassens Inc. and Robert Luckingbeal should be granted.

Respectfully Submitted:

Paul F. Kilmer*
Thomas W. Brooke
GADSBY & HANNAH
1747 Pennsylvania Avenue, N.W.
Suite 800
Washington, D.C. 20006

202/429-9600
* Counsel of Record



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

HUBBELL INCORPORATED,

Plaintiff,

- against -

PASS & SEYMOUR, INC. and
LEGRAND, S.A.,

Defendants

OPINION
94 Civ. 7631 (RWS)

APPEARANCES

DARBY & DARBY
Attorney for Plaintiff
805 Third Avenue
New York, NY 10022
By: MARTIN E. GOLDSTEIN, ESQ.
IRA JAY LEVY, ESQ.
Of Counsel

ZUCKERMAN, SPAEDER, GOLDSTEIN,
TAYLOR & KOLKER
Attorney for Defendants
1114 Avenue of the Americas
New York, NY 10036
By: LISA A. CAHILL, ESQ.
Of Counsel

GADSBY & HANNAH
Of Counsel for Defendants
1747 Pennsylvania Avenue, N.W., Suite 800
Washington, DC 20006
By: PAUL F. KILMER, ESQ.
THOMAS W. BROOKE, ESQ.
ROBERT F. GARCIA, JR., ESQ.

Sweet, D.J.

Defendants Pass & Seymour ("Pass") and Legrand S.A. ("Legrand") have moved to dismiss the federal and common law trade dress claims of Plaintiff Hubbell Incorporated ("Hubbell") pursuant to Fed. R. Civ. Pro. 12(b)(6). In addition, Legrand has moved to dismiss the action against it for lack of subject matter jurisdiction, lack of personal jurisdiction and lack of venue. In the alternative, Legrand moves for a change of venue to the Northern District to New York. Pass moves to dismiss the action for lack of venue pursuant to 12(b)(3) or, in the alternative, to transfer the claims to the Northern District of New York. Hubbell has moved to dismiss Count II of Pass' counterclaim (International Interference with Business Relationships) pursuant to Rule 12(b)(6). For the reasons set further below, all motions are denied.

The Parties

Plaintiff Hubbell is a Connecticut corporation that manufacturers electrical products. Its principal place of business is at 584 Derby Milford Road, Orange, Connecticut.

Defendant Pass is a New York Corporation doing business in the State of New York and within this judicial district, having its principal place of business at P.O. Box 4822, Syracuse, New York.

Defendant Legrand is a corporation organized and existing under the laws of the country of France.

Prior Proceedings

A complaint was filed in this action on October 20, 1994 (the "original complaint") and was later amended on December 14, 1994. The original complaint included two defendants, New York City Distributors of Pass and Legrand as defendants. According to the Plaintiff, after the suit was filed, and before Hubbell either served or notified the Distributors of the existence to the lawsuit, Hubbell learned that the Distributors, while

sellers of Pass' and Legrand's product line, did not yet have available the products at issue. Hubbell filed an amended complaint (the "complaint") which does not name the Distributors.

The complaint alleged three claims: 1) violation of § 32 of the Trademark Act of 1946, 15 U.S.C. § 1114; 2) violation of § 43(a) of the Trademark Act of 1946 and 3) violation of unfair competition under the common law of the State of New York.

Pass filed an answer on December 23, 1994, which included affirmative defenses and three counter claims. The counterclaims sought: 1) declaratory relief as the sales of connectors and plugs "out of the box"; 2) damages for intentional interference with business relationships; 3) cancellation of the Federal Trademark Registration for the designation "5965VY."

The Defendants' motions were filed in December 1994. Hubbell's motion was filed on January 13, 1995. All motions were argued on February 8, 1995. Defendants submitted a Supplemental Memorandum on May 15, 1995 and the motions were considered fully submitted at that time.

The Facts

For the last seventeen years Hubbell has sold various connectors and plugs in, what it terms, its "famous and highly distinctive 'Valise' Trade Dress, sales of these connectors and plugs have exceeded 33 million units and $50 million. The subject of this litigation is a particular connector and plug, which has been assigned the number 5965VY. This number appears on the connector. Hubbell claims that this number is a federally registered trademark of Hubbell.

The plug and connector had a design patent that has expired. There are no allegations that Defendants began to market their similar product prior to the expiration of the patent.

According to the complaint, the Defendants recently changed their line of plugs and connectors such that they are

"virtually indistinguishable" from the "famous" Hubbell Valise Trade dress. According to Hubbell, the Defendants further aggravated the situation by misappropriating Hubbell's federally registered trademark 5965VY, and applying it directly to the virtually indistinguishable product.

Discussion

Motions to Dismiss the Trade Dress Claims Are Denied

On a Rule 12(b)(6) motion to dismiss, the factual allegations of the complaint are presumed to be true and all factual inferences must be drawn in the plaintiffs' favor and against the defendants. *See Scheuer v. Rhodes,* 416 U.S. 232, 236, 94 S. Ct. 1683, 1686, 40 L. Ed.2d 90 (1974); *Cosmas v. Hassett,* 886 F.2d 8,11 (2d Cir. 1989); *Dwyer v. Regan,* 777 F.2d 825, 828-29 (2d Cir. 1985). Accordingly, the factual allegations set forth and considered herein are taken from the Plaintiff's Complaint and do not constitute findings of fact by the Court. They are presumed to be true only for the purpose of deciding the present motion to dismiss.

Rule 12(b)(6) imposes a substantial burden of proof upon the moving party. A court may not dismiss a complaint unless the movant demonstrates "beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." *H.J., Inc. v. Northwestern Bell Tel. Co.,* 492 U.S. 229, 249-50, 109 S. Ct. 2893, 2905-06, 106 L. Ed.2d 195 (1989); *Hishon v. King & Spalding,* 467 U.S. 69, 73, 104 S. Ct. 2229, 2232-33, 81 L.Ed.2d 59 (1984); *Conley v. Gibson,* 355 U.S. 41, 45-46, 78 S. Ct. 99, 101-02, 2 L. Ed.2d 80 (1957).

Section 43(a)(1) of the Lanham Act, 15 U.S.C. § 1125(a)(1) protects trade dress from infringement when:

> [a]ny person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, and device, or any combination thereof, or any false designation of

> origin, false or misleading description of fact, or false or misleading representation of fact, which ——
>
> > (1)is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person....

15 U.S.C. § 1125(a).

The "trade dress" of a product consists of "its total image", composed of "features such as size, shape, color or color combinations, texture, [or] graphics." *Paddington Corp. v. Attiki Importers & Distribs.,* 996 F.2d 577, 582 (2d Cir. 1993), as quoted in *Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 70 (2d Cir. 1994). Such trade dress protection has been extended to product design and may include product configurations. *Le Sportsac, Inc. v. K Mart Corp.* 754 F.2d 71 (2d Cir. 1985.

As the Second Circuit has explained:

> To Prevail on a trade dress claim, the plaintiff must demonstrate that the product's appearance has acquired "secondary meaning" — the consuming public immediately identifies the product with its maker — and that purchasers are likely to confuse the imitating goods with the originals. Even if the plaintiff establishes these elements, the defendant may still avoid liability by demonstrating that the imitated features are "functional" — essential to the basic purposes the article is meant to serve. *Two Pesos, Inc. v. Taco Cabana, Inc., 112 S.Ct. 2753, 2760 (1992);* Coach Leatherware Co. v. Ann Taylor, Inc., 933 F.2d 162, 168 (2d Cir. 1991) (citations omitted).

Hubbell has alleged sufficient facts to make out the elements of a trade dress infringement claim. In count II of the Complaint Hubbell States:

> By its acts alleged herein, defendant has falsely designated the origin or sponsorship of its electrical connectors and plugs and has caused and will cause them to be advertised and sold in commerce, in violation of § 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a)

Complaint at § 23.

This Count is supported by the allegations of paragraphs 6-11 and 15-19 of the Amended Complaint (which must be taken as true for the purposes of this motion), which support (1) the inherently distinctive nature of the Valise Trade Dress; (2) sales, advertising, extent of use, and exclusivity sufficient to establish, as an alternative, the existence of secondary meaning in the Valise Trade Dress; and (3) intentional actions by Pass and Legrand in violation of these protectable rights likely to cause confusion among consumers. Pass has not challenged any of the specific allegations of the Complaint.

The Core issue raised by Defendants in seeking a motion to dismiss this complaint is that Hubbell is unlawfully seeking to extend expired patent monopolies for its plugs and connectors through the device of the Lanham Act.

The different purposes of the two sets of laws supports the position that trade dress protection is not as a matter of law unavailable to products for which design patents have expired.

The purpose of the federal design patent law is "to encourage the invention of ornamental designs". *In re Honeywell Inc.*, 497 F.2d 1344, 1348, *cert. denied,* 419 U.S. 1080 (1974; *see Lon Tai Shing Co. v. Koch and Lowy*, 19 USPQ.2d 1981 (S.D.N.Y. 1990).

More specifically, the Court in *Lon Tai Shing* explained that:

> More broadly viewed, the patent laws have three related purposes: "First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions, to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public." *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979).
>
> This stands in clear contrast to the function of the trademark laws, particularly section 43(a) of the Lanham Act, which "seek[s] to prevent the public from encountering confusion, mistake, and deception in the purchase of goods and services and to protect the integrity of the trademark owner's product identity." *In re Honeywell, Inc.* 474 F.2d at 1348.

Lon Tai Shing, 19 USPQ.2d at 1106.

These two bodies of law were designed to serve quite different purposes and may operate separately and without unavoidable conflict. As noted by the *Long Tai Shing* Court 19 U.S.P.Q.2d at 1107, this point was underscored in the Supreme Court cases that represent the highwater mark of patent law supremacy — the so called *Sears-Compco* cases. *See Sears, Roebuck & Co. v. Stiffel Co.,* 376 U.S. 225 (1964); *Compco Corp. v. Day-Bright Lighting, Inc.,* 376 U.S. 225 (1964). In those decisions the Supreme Court held that the patent laws broadly preempt state trademark and unfair competition law insofar as it applies to industrial designs. Notwithstanding the breadth of the "Sears-Compco" cases ... the Supreme Court recently noted that:

> our decision in *Sears* clearly indicates that the States may place limited regulations on the circumstances in which such designs are used in order to prevent consumer confusion as to source. Thus while "Sears" speaks in absolutist terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all state regulations of potentially patentable but unpatented subject matter is not *ipso facto* preempted by the federal patent laws.

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 154 (1989).

The Supreme Court cases cited by both parties and discussed above involved questions of federal preemption. The existence of the Lanham Act, a separate and equally viable body of federal law supports without reservation the notion that the two bodies of law can, an in fact that Congress intended them to, co-exist.

The Seventh Circuit addressed the issue presented in this case and concluded that "[c]ourts have consistently held that a product's different qualities can be protected simultaneously or successively, by more than one of the statutory means for protection of intellectual property." *Kohler Co. v. Moen, Inc.*, 12 F.3d 632, 638 (7th Cir. 1993). The Court continued:

> [F]ederal trademark protection does not transform the durational limited monopoly of a design patent into a perpetual right. As we have noted, federal trademark protection for a product's configuration does not create a monopoly in the use of the product's shape. [Plaintiff] is not "free from effective competition in the market..." [Plaintiff] simply has the right to preclude others from copying its trademarked product for the purpose of confusing the public as to its source.

29 U.S.P.Q. 2d at 1247-48, n.10 (emphasis in original); *see W.T. Rogers Co. v. Keene*, 778 F.2d 334 (7th Cir. 1985), recognizing the absolute distinction between the two types of protection (trade dress and design patent), Judge Posner reasoned:

> provided that a defense of functionality is recognized, there is no conflict with federal patent law, save possibly with 35 U.S.C. § 171, which allows a 14-year patent to be granted for a nonfunctional ornamental design — a design patent. But the courts that have considered the issue have concluded, rightly in our view, that this section does not prevent the enforcement of a common law trademark in a design feature. See discussion in 1 Chisum, Patents 185 1.04[6] (1985). The trademark owner has an indefinite term of protection, it is true, but in an infringement suit must also prove secondary meaning and likelihood of confusion, which the owner of a design patent need not do; there is therefore no necessary inconsistency between the two modes of protection.

Id. at 337.

The parties have not identified any case in this Circuit on this issue and the conclusion reached by the Seventh Circuit and by Magistrate Judge Michael H. Dolinger in this District in *Lon Tai Shing* is adopted.

In a different context, involving the ability to obtain trademark protection for a color, the Supreme Court recently noted that:

> It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited period of time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a products functional features could be used as trademarks,

> however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever... Functionality doctrine therefore would require, to take an imaginary example, that even if customers have come to identify the special i shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent had expired, would impede competition — not by protecting the reputation of the original bulk maker, but by frustrating competitors' legitimate efforts to produce an equivalent i bulb. *See, e.g., Kellogg Co.,* ... 305 U.S., at 119-120...(trademark law cannot be used to extend monopoly over the "pillow" shape of shredded wheat biscuit after the patent for that shape had expired.

Qualitex Co. v. Jacobson Products Co., Inc., 115 S.Ct. 1300, 1304 (1995).

Defendants urge that this dicta in the *Qualitex* case should be considered by this Court. This may say no more than that patents related to function may not be protected past the duration of the patent.[1]

In any event, this language from the Supreme Court can be read to be consistent with the proposition that while Hubbell cannot assert trade dress claims to protect *in toto* the design which was protected by the earlier design patent, the expiration of the design patent does not preclude a party from seeking to protect its reputation or avoid consumer confusion over products if it can demonstrate the required elements of a Lanham Act, or other non-conflicting unfair competition, claim.

---

1 The Supreme Court cited the Shredded Wheat case for this proposition. In that case however, the expired patent had been for the process that manufactured the "pillow shaped" wheat.

Again, the fact that the federal patent and trademark laws have co-existed for decades, provides support for the proposition that the protections offered by them can exist together now. *See supra.*

These claims will not now be dismissed as a matter of law.

A Sufficient Showing of Jurisdiction Has Been Made

In order to demonstrate personal jurisdiction sufficiently to defeat a motion to dismiss, a plaintiff need only make a *prima facie* showing that jurisdiction exists. *See Hoffritz for Cutlery, Inc. v. Amajac, Ltd.,* 763 F.2d 55, 57 (2d Cir. 1985). Plaintiff's complaint and affidavits are to be construed, and any doubts are to be resolved in the light most favorable to the Plaintiff. *Editorial Musical Latino Americana, S.A. v. Mar International Records, Inc.,* 829 F. Supp. 62, 64 (S.D.N.Y. 1993); *see also Scheuer v. Rhodes,,* 416 U.S. 232, 236, 94 S.Ct. 1683, 1686 (1974) (on motion to dismiss pleadings are considered in light most favorable to pleader).

The acts in the complaint attributed to "P&S" are, according to Plaintiff, attributed to both Pass and Legrand. This is not a case built on notions of piercing the corporate veil. The allegation is that Legrand has independently engaged in the same alleged wrongful behaviors. Legrand's motion to dismiss for lack of subject matter jurisdiction is denied.

To determine personal jurisdiction over a non-domiciliary in a federal question case, this Court applies the long-arm statute of the forum state. *See Business Trends Analysts v. Freedonia Group, Inc.,* 650 F.Supp. 1452, 1455 (S.D.N.Y. 1987); *United States v. First Nat'l City Bank,* 379 U.S. 378, 381 (1965).

New York's long-arm statute provides:

> As to a cause of action arising from any of the acts enumerated in this section, a court may exercise personal jurisdiction over any non-domiciliary, or his executor or administrator, who in person or through

> an agent; 1. transacts any business within the state or contracts anywhere to supply goods or services in the state; or 2. commits a tortious act within the state....

N.Y.Civ.Prac.L. & R. § 302(a) (McKinney 1993) ("CPLR § 302(a)").

Offering one copy of an infringing work for sale in New York, even if there is no actual sale, constitutes commission of a tortious act within the state sufficient to imbue this Court with personal jurisdiction over the infringers. "See Business Trends," 650 F. Supp. at 1455-56 (shipment of one copy into New York; actual sale not necessary); *Metropa Co. v. Choi* 458 F. Supp. 1052, 1054, (S.D.N.Y.1978) (trademark infringement; only New York contact of California defendant was mail order shipment of two wigs); *Honda Assocs., Inc. v. Nozawa Trading, Inc.,* 374 F. Supp. 886, 888-89 (S.D.N.Y.1974)(Trademark infringement, actual sale not necessary; only New York contact of California defendant was mail order shipment of 3 karate uniforms valued at $37). This Court has jurisdiction even if the products for sale are offered through independent brokers in New York. See CPLR 302(a) ("in person or through an agent"); *Heritage House Frame & Moulding Co. v. Boyce Highlands Furniture Co.,* 88 F.R.D. 172, 173 (E.D.N.Y. 1980).

Thus allegations that Legrand "has begun or is about to begin selling in ... this Judicial District the ... plugs and connectors ... [and] although [Legrand] has molded the name Pass & Seymour/Legrand into its infringing product, the name is indistinguishable except on extremely close examination" is sufficient to assert *prima facie* jurisdiction.

"While the plaintiff ultimately bears the burden of establishing the existence of jurisdiction over defendants by a preponderance of the evidence, the burden should not be imposed on the plaintiff at the pleading stage..."*Soviet Pan Am Travel Effort v. Travel Comm. Inc.,* 756 F. Supp. 126, 130 (S.D.N.Y. 1991). In the absence of an evidentiary hearing or further factual

development through discovery, the pleadings and affidavits must be construed in the light most favorable to the plaintiff. *Id.* At this stage of the proceedings, the motion is denied.

Motion to Dismiss for Improper Venue is Denied

Hubbell alleged venue in this case under 28 U.S.C. § 1391(c) which reads:

> For purposes of venue under this chapter, a defendant that is a corporation shall be deemed to reside in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced. In a State which has more than one judicial district and in which a defendant that is a corporation is subject to personal jurisdiction at the time an action is commenced, such corporation shall be deemed to reside in any district in the State within which it contacts would be sufficient to subject it to personal jurisdiction if that district were a separate State, and, if there is no such district, the corporation shall be deemed to reside in the district within which it has the most significant contacts.

As the earlier discussion on personal jurisdiction implied. Pass is subject to personal jurisdiction in this District and thus venue as to the claims asserted against Pass is properly asserted in this District at this time. The same holds true for Letrand. Considering the pleadings before the Court, and given that neither party has plead the percentage of total sales in the District, all affidavits and pleadings are construed in the light most favorable to the Plaintiff and the motion to dismiss for lack of venue is denied on this record. *See Hoffritz,* 763 F.2d at 57; *Time Products v. Tira Classic Handbags, Inc.,* 1994 U.S.Dist. LEXIS 9483, *22 (S.D.N.Y. 1994).

In addition, venue over the claims against Legrand would be proper under § 1391(d).

Motion for Transfer is Denied at this Time

28 U.S.C. § 1404(a) provides:

> For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.

Factors which determine whether a case should be transferred under § 1404 are: (1) the place where the operative facts occurred; (2) the convenience to parties; (3) the convenience of witnesses; (4) the relative ease of access to sources of proof; (5) the availability of process to compel attendance of unwilling witnesses; (6) the plaintiff's choice of forum; (7) the forum's familiarity with the governing law; and (8) trial efficiency and the interests of justice. *Viacom Intern. v. Melvin Simon Prods.*, 774 F. Supp. 858, 867-68 (S.D.N.Y. 1991); *Don King Prods., Inc. v. Douglas,* 735 F. Supp. 522, 533 (S.D.N.Y. 1990).

Plaintiff's choice of forum should not be disturbed unless Defendants make a clear and convincing showing that the balance of convenience favors defendants choice. *See Time Products,* at *33. A transfer should not be granted "absent a clear cut and convincing showing by defendant that the balance of convenience weighs strongly in favor of the transferee court...." *Star Lines, Ltd. v. Puerto Rico Maritime Shipping Auth.,* 442 F. Supp 1201, 1207 (S.D.N.Y. 1978).

The core determination under § 1404(a) is the center of gravity of the litigation, a key test of which is the convenience of witnesses. *Saminsky v. Occidental Petroleum Corp.* 373 F. Supp. 257 (S.D.N.Y. 1974); *Essex Crane Rental Corp. v. Vic Kirsch Const. Co.,* 486 F. Supp. 529 (S.D.N.Y.1980); 15 Wright, Miller & Cooper, *Federal practice & Procedure: Jurisdiction 2d* § 3851 (1986. Courts routinely transfer cases when the principal events occurred, and the principal witnesses are located, in another district. *Viacom Intern,* 774 F.Supp. at 868;

Computer Horizons Corp. v. Knauer 483 F. Supp. 1272 (S.D.N.Y. 1980).

While Pass has indicated that its corporate records and witnesses are in Syracuse,without further evidence of the proof required and the witnesses to be called, the balance of the evidence available at this time does not require the Court to disrupt the plaintiff's choice of forum. The motion to transfer is denied.

Plaintiff's Motion to Dismiss Pass' Counter Claim for Tortious Interference with Prospective Economic Advantage is Denied

To state a claim under this theory, the complaint must allege that defendant interfered with business relations existing between plaintiff and a third party, "either with the sole purpose of harming plaintiff or 'by means that are dishonest, unfair or in any other way improper.'" *Martin Ice Cream Co. v. Chipwich, Inc.,* (S.D.N.Y.1983) 554 F. Supp. 933, 945 (emphasis in original)(quoting *Robbins v. Ogden* (S.D.N.Y. 1980) 490 F.Supp. 801, 811). Where such interference is intended "'at least in part to advance the competing interest of the interferer' the interference will be excused unless the means employed include 'physical violence, fraud or misrepresentation, civil suits and criminal prosecutions and some degrees of economic pressure; they do not, however, include persuasion alone.'"*Strapex Corp. v. Metaverpa N.V.* (S.D.N.Y. 1985) 607 F.Supp. 1047, 1050 (*quoting Guard-Life Corp. v. S. Parker Hardware Mfg. Corp.* (1980) 50 N.Y.2d 183, 428 N.Y.S.2d 628, 632, 406 N.E.2d 445); *Volvo N. Am. v. Men's Int'l Professional Tennis Council* 857 F.2d 55, 74 (2d Cir. 1988).

According to the counterclaim, Pass has alleged that Hubbell "either investigated the allegations made in its initial Complaint and knew that the New York City distributors had not committed any of the alleged acts of infringement or unfair competition set forth in the [original] Complaint ... or, alternatively, ... failed to properly investigate adequately the allega-

tions...Despite the fact that Hubbell knew or should have known that the New York City Distributors should have known that the New York City Distributors have not purchased the plugs .... Hubbell filed its action naming the ... Distributors as defendants ... Hubbell's claims ... have injured the contractual and business relationships between the ... Distributors in that ... [they] have been improperly and falsely named as defendants.

The elements of the tort have been plead such that the motion to dismiss is denied.

Conclusion

For the reasons discussed above all motions are denied.

It is so ordered.

New York, N.Y.
May 18, 1995

(s)Robert W. Sweet
Robert W. Sweet
U.S.D.J.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

HUBBELL INCORPORATED,

Plaintiff

- against -

PASS & SEYMOUR, INC. and
LEGRAND, S.A.,

Defendants.

APPEARANCES

DARBY & DARBY
Attorney for Plaintiff
805 Third Avenue
New York, NY 10022
By: MARTIN E. GOLDSTEIN, ESQ.
IRA JAY LEVY, ESQ.
Of Counsel

ZUCKERMAN, SPAEDER, GOLDSTEIN,
TAYLOR & KOLKER
Attorney for Defendants
1114 Avenue of the Americas
New York, NY 10036
By: LISA A. CAHILL, ESQ.
Of Counsel

GADSBY & HANNAH
Of Counsel for Defendants
1747 Pennsylvania Avenue, N.W., Suite 800
Washington, DC 20006
By: PAUL F. KILMER, ESQ.
THOMAS W. BROOKE, ESQ.
ROBERT F. GARCIA, JR. ESQ.

In an opinion dated May 18, 1995 (the "Opinion"), this Court denied defendants Pass & Seymour, Inc. ("Pass"), and Legrand, S.A. ("Legrand") (Pass and Legrand are, collectively, the ("Defendants") motions to dismiss plaintiff Hubbell Incorporated's ("Hubbell") product configuration trade dress claims against Defendants. Defendants now move this Court to certify to the United States Circuit Court of Appeals for the Second Circuit, pursuant to 28 U.S.C. § 1292(b), the following question:

> whether the subject matter of an expired design and utility patent may form the basis for a later product configuration trade dress action.

For the reasons set forth below, Defendants' motion will be denied.

The Parties

Hubbell is a Connecticut corporation that manufactures electrical products. Its principal place of business is in Orange, Connecticut.

Pass is a New York corporation doing business in the State of New York and within this judicial district, having its principal place of business in Syracuse, New York.

Legrand is a corporation organized and existing under the laws of France.

Prior Proceedings

The prior proceedings and facts of this action are set forth in the Opinion, familiarity with which is presumed.

Defendants moved for amendment of the Opinion to allow for immediate certification of the product configuration trade dress issues of law in this action to the United States Circuit Court of Appeals for the Second Circuit. Oral argument on Defendants' motion was heard on June 21, 1995. Additional papers were submitted by the parties, the last of which was

received on July 21, 1995, and the motion was deemed fully submitted at that time.

Discussion

28 U.S.C. § 1292(b) provides that a district court may certify an order for appeal if it concludes (1) that the order involves a controlling question of law (2) as to which there are substantial grounds for difference of opinion and (3) that an immediate appeal from the order may materially advance the ultimate termination of the litigation 28 U.S.C. § 1292(b): "see also Klinghoffer v. S.N.C. Achille Lauro Ed Altri-Gestione Motonave Achille Lauro In Amministrazions Straordinaria 921 F.2d 21, 23 (2d Cir. 1990). The Second Circuit has repeatedly "urged the district courts to exercise great care in making a § 1292(b) certification." *Westwood Pharmaceuticals, Inc. v. National Fuel Gas Dist. Corp.*, 964 F.2d 85, 89 (2d Cir. 1992). Certification is limited to extraordinary cases where appellate review might avoid protracted and expensive litigation. It is not intended as a vehicle to provide early review of difficult rulings in hard cases. *Sadowski v. Technical Career Inst., Inc.*, 1955 U.S. Dist LEXIS 3184, *7; *Abortion Rights Mobilization, Inc. v. Regan*, 522 F.Supp. 364, 366 (S.D.N.Y. 1982).

This standard is not met here. As an initial matter, this Court notes that Hubbell maintains that certain unpatented features of its product's configuration, e.g., its yellow color, are part of its distinctive trade dress. Therefore, even if this Court were to certify to the Second Circuit the question whether the subject matter of an expired design patent can receive trade dress protection, the Second Circuit's answer to that question would neither "control" the outcome nor "materially advance the ultimate termination" of this litigation. Even assuming, however, that the Second Circuit's answer would control the outcome and advance the termination of this litigation, there are not "substantial grounds for difference of opinion" as to this Court's resolution of the product configuration trade dress issue.

The parties agree that the precise question at issue in this case has not yet been considered by either the Supreme Court or the Second Circuit. Simply because a question of law has not been authoritatively addressed, however, does not make the question grounds for a substantial difference of opinion. *Chamarac Properties, Inc. v. Pike,* 1994 WL 410902, *2 (S.D.N.Y. 1994); *American Tel. & Tel. Co. v. North American Industries, Inc.,* 783 F.Supp. 810, 814 (S.D.N.Y. 1992). Nor, for that matter, does the fact that the parties themselves disagree as to the interpretation of persuasive authority constitute a "difference of opinion" sufficient to warrant certification. Thus, the fact that the parties offer differing interpretations of dicta in the Second Circuit's recent decision in *Milstein, Inc. v. Greger, Lawlor, Roth, Inc.,* 1995 WL 380952 (S.D.N.Y. June 19, 1995) does not compel certification of the question presented in the instant case. *Milstein* was decided after the Opinion at issue in this motion.

In "Milstein", the Second Circuit noted that:

> although trade dress law may supplement copyright and patent law by protecting unpatentable product configurations and novel marketing techniques,...overextension of trade dress protection can undermine restrictions in copyright and patent law that are designed to avoid monopolization of products and ideas. Consequently, courts should proceed with caution in assessing claims to unregistered trade dress protection so as not to undermine the objectives to these other laws.

Hubbell interprets this language to mean that the existence, or past existence, or patent protection does not preclude trade dress protection of the same subject matter. Defendants, on the other hand, interpret this language to mean that trade dress law which extends protection to patentable subject matter is a *per se* "overextension of trade dress protection" which serves to "un-

dermine restrictions in copyright and patent law that are designed to avoid monopolization of products and ideas." Both of these interpretations exceed the limits of what the quoted language will bear.

The most that can be inferred from the language quoted above is that the Second Circuit has recognized that the patent and trade dress laws serve different objectives. This observation, however, is neither novel nor controversial. As this Court observed in the Opinion, the patent laws seek to foster and reward innovation, promote disclosure of inventions to the public after the patent has expired, and ensure that ideas in the public domain remain there for the free use of the public. *Aronson v. Quick Point Pencil Co.,* 440 U.S. 257, 262 (1979). The trademark laws, in contrast, seek to protect the public from experiencing confusion, mistake and deception in the purchase of goods and services and to protect the integrity of the trademark owner's product identity. *See Park 'N Fly, Inc. v. Dollar Park and Fly* 469 U.S. 189, 198 (1985); *Lon Tai Shing Co. v. Koch & Lowwy,* 19 USPQ.2d 1981, 1107 (S.D.N.Y. 1990).

The part of the quoted language that admonishes district courts to "proceed with caution in addressing claims to unregistered trade dress protection" can be interpreted only as advocating a careful case by case approach in order to ensure that the objectives of the patent law are not undermined by extending protection to a product's trade dress *See also Stormy Clime Ltd. v. ProGroup, Inc.,* 809 F.2d 971, 978 (2d Cir. 1987) ("To avoid undermining the purpose of the patent laws to place useful innovations in the public domain after expiration of a limited monopoly, courts must be sensitive to whether a grant of trade dress protection would close all avenues to a market that is otherwise open in the absence of a valid patent.")

The Court in *Milstein" was concerned that a manufacturer of greeting cards would gain a monopoly on a distinctive type of greeting card by claiming that the distinctive features of that*

type are part of its protected trade dress. Because the plaintiff in "Milstein" had never owned a patent on the process for creating the type of greeting card, the Court did not have reason to consider whether prior protection under a design patent precludes protection of the same design features under the trade dress laws. Nothing in the language quoted above, however, or any other language in "Milstein," indicates that a court may not extend trade dress protection to a previously patented design feature if it determines, after cautious deliberation, that extending such protection will serve the objectives of the trade dress laws without doing violence to the objectives of the patent laws.

Defendants also assert that, in light of its holding in "Milstein," the Second Circuit, if presented with similar case would endorse the Tenth Circuit's recent decision in *Vornado Air Circulation Sys. v. Duracraft Corp.*, 1995, U.S. App. LEXIS 16255 (10th Cir. 1995). Even assuming that hypothesis to be true, however, the Tenth Circuit's holding *Vornado* does not support the grant of a motion to dismiss on the facts of the instant case.

As an initial matter, it should be noted that the question presented in *Vornado* was whether the subject matter of an expired *utility* patent could receive trade dress protection. The Court did not take a position, therefore, on whether its ruling applies equally to *design* patents. Even if this Court were to adopt the holding of *Vornamdo* with respect to *design* patents, however, dismissal of Hubbell's complaint on a Rule 12(b)(6) motion would be inappropriate. In *Vornado*, the Court held that:

> although a product configuration must be nonfunctional in order to be protected as trade dress under section 43(a), not every nonfunctional configuration is eligible for that protection. Where a product configuration is a significant inventive component of an invention covered by a utility patent, so that without it the invention cannot fairly be said to be the same

> invention, patent policy dictates that it enter into the public domain when the utility patents...expire. To ensure that result, it cannot receive trade dress protection under section 43(a).
>
> 1995 U.S. App. LEXIS 16255 at *3

Implicit in the above quoted language is the idea that, although "not every nonfunctional configuration is eligible for [trade dress] protection," some nonfunctional configurations *are* so eligible. Defendants have made no definitive showing that the product configuration for which Hubbell seeks trade dress protection is a "significant inventive component" of the invention covered by Hubbell's patent, "so that without it the invention cannot fairly be said to be the same invention." The Tenth Circuit's implicit suggestion that trade dress protection is not precluded if a product's configuration was not a "significant inventive component" of the patented invention calls for the same cautious, case by case approach urged by the Second Circuit in *Milstein Inc. v. Greger, Lawlor, Roth, Inc.,* 1995 WL 380952 (S.D.N.Y. 1995). Indeed the *Vornado* Court noted that:

> In future cases, the contribution of a particular configuration to the inventiveness of a patented product may not always be clear, and we do not wish to rule out the possibility that a court may appropriately conduct a factual inquiry to supplement its reading of the patent's claims and descriptions.
>
> 1995 U.S. App. LEXIS 16255 at *39.

Whether or not it would endorse the holding of *Vornado*, the Second Circuit's recommendation in *Milstein* of a careful balancing of the separate purposes of patent and trademark law requires a fully disclosed factual record, which was not available to the Court at the time the Opinion was issued, nor is it now. Moreover, Defendants have not addressed the point, raised in the Opinion, that while Hubbell cannot assert trade dress claims to protect in toto the design which was protected by its design

patent, the expiration of that patent does not preclude Hubbell from seeking to protect its reputation or avoid consumer confusion over its products if it can demonstrate the required elements of a Lanham Act or other non-conflicting unfair competition claim.

In the Opinion, this court concluded that the objectives of the trade dress laws will be served, and the objectives of patent laws will not be undermined, by permitting Hubbell's trade address claims to survive Defendants' motion to dismiss. Hubbell carries the ultimate burden, however, of showing either that its product's trade dress is inherently distinctive, *Two Pesos, Inc. v. Taco Cabana, Inc.,* 112 S.Ct. 2753 (1992), or, if the trade dress is not inherently distinctive, that it "has acquired a secondary meaning— that is, the trade dress identifies the source of the product— and that there is a likelihood of confusion between the original trade dress and the trade dress of the allegedly infringing product." *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co., Inc.,* 916 F.2d 76, 79 (2d Cir. 1990), *cert. denied,* 111 S.Ct 1622 (1991).

For the purposes of resolving Defendants' motion to dismiss, the Court did not examine the sufficiency of Hubbell's showings under the above standards. Instead, the Court confined its inquiry to the availability *vel non* of trade dress protection for the subject matter of expired design patents. The Court's resolution of the question Defendants seek to certify to the Second Circuit does not lessen Hubbell's substantive burdens at trial or, indeed, the burdens it would have to carry to withstand a motion for summary judgment. Hubbell has, however, alleged facts sufficient to withstand the instant motion to dismiss.

Conclusion

For all the reasons stated above, Defendants' motion to certify the product configuration trade dress issues of law in this action to the United States Circuit Court of Appeals of the Second Circuit is denied.

It is so ordered.

New York, N. Y.

August 3, 1995

/s/ Robert W. Sweet
ROBERT W. SWEET
U.S.D.J.

Supreme Court, U.S.
FILED
SEP 20 1995
CLERK

(4)

No. 95-127

In The Supreme Court of the United States October Term, 1995

VAN KLASSENS, INC.
AND
ROBERT LUKINGBEAL,

Petitioners,

v.

IMAGINEERING, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONERS' REPLY BRIEF

Robert E. Pitts, Esq. *
Raymond E. Stephens, Esq.
PITTS & BRITTIAN, P.C.
P.O. Box 51295
Knoxville, Tennessee 37950-1295
(615) 584-0105

Attorneys for Petitioners
*Counsel of Record

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No. 95-127

IN THE SUPREME COURT OF THE UNITED STATES OCTOBER TERM, 1995

VAN KLASSENS, INC.
AND
ROBERT LUKINGBEAL,

Petitioners,

v.

IMAGINEERING, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITIONERS' REPLY BRIEF

Petitioners, Van Klassens Inc. and Robert Lukingbeal, ("Van Klassens"), have asked this Court to determine whether trade dress law should be interpreted to grant Respondent, Imagineering, Inc., a monopoly of indefinite duration in goods that have been placed in the public domain by operation of the patent law. Respondent, *inter alia* has improperly reframed the issues. In response, Respondent assumes the validity of such a monopoly and argues alleged competitive villainy on the part of the Petitioners. Such a response, however, begs the question as, absent such a monopoly there is no villainy. Art. I, §8, cl. 8, of the Constitution, and the implementing federal statutes, proscribe such a monopoly by allowing free access to copy whatever the patent laws leave in the public domain. Thus, Respondent's argument is specious and fails to properly address the issues raised by Petitioners.

I. THIS CASE PRESENTS AN ISSUE OF NATIONAL IMPORTANCE REGARDING WHETHER TRADE DRESS LAW CAN MONOPOLIZE PRODUCT DESIGNS PLACED IN THE PUBLIC DOMAIN BY OPERATION OF PATENT LAW.

In its Brief In Opposition To Petition For Certiorari, ("Respondent's Brief"), Respondent argues that the issues presented in Van Klassens' Petition are "based on factual predicates rejected by the jury". Respondent's Brief, p. i. In an attempt to distract this Court from the real issue, Respondent frames its own hypothetical issue and proceeds to argue that its issue does not require the Court's attention. While Van Klassens agrees that Respondent's hypothetical issue does not merit the Court's attention, it is important to remember what questions Van Klassens has presented and has asked the Court to review. Namely:

I. Whether it is contrary to federal patent law for the designs of twenty-two unpatented products to be monopolized in perpetuity as inherently distinctive trade dress.

II. Whether a competitor that labels its furniture and advertising with its own source-indicative trademark can be assessed punitive damages under state unfair competition law for selling product designs passed into the public domain by operation of federal patent law.

These are real issues that are ripe for adjudication by the Court and are of national interest. As highlighted in the Motion Of Pass & Seymour, Inc. To File An Amicus Curiae Brief in Support Of Petition For Writ of Certiorari, the Court's treatment of Van Klassens' assertions will affect the future ability of the public to determine whether it may rely upon the subject matter of expired or invalidated patents in bringing products to the marketplace.

Respondent dedicated the design of its rocking chair to the public pursuant to 35 U.S.C. §253. This notwithstanding, Van Klassens has been enjoined from making and selling any rocking chair that resembles that rocking chair. Van Klassens has also been enjoined from commercializing any pieces of furniture that resemble numerous other pieces of furniture, which Respondent strenuously argues have the same trade dress as the rocking chair. Moreover, damages, actual and punitive, have been assessed against Van Klassens for commercializing Respondent's unpatented and unpatentable furniture. The lower courts have interpreted Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), in a manner that allows Respondent to assert exclusive rights in a chair design that has been dedicated to the public under the patent law. This clearly conflicts with the federal policy found in Art. I, §8, cl. 8, of the Constitution, and in the implementing federal statutes, of allowing free access to copy whatever the patent laws leave in the public domain. *Compare Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

Respondent's *ad hominem* attacks and assertions of improper motive on the part of Van Klassens does not negate this clear conflict. Indeed, even if one were to accept Respondent's "version" of the facts, i.e. that its trade dress is inherently distinctive, that Van Klassens intentionally copied, etc., there is still a conflict between the lower court's interpretation of Section 43(a) and the strong federal policy of free access to unpatented and unpatentable designs. Indeed, what Respondent characterizes as unfair competition has been characterized by this Court as the "very lifeblood of a competitive economy". *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989).

Respondent argues that Van Klassens issues are based on factual predicates rejected by the jury. Respondent's Brief pp. i, See also, Respondent's Brief pp. 2, 4, 5, 14, 30. However, in truth, the district court, on motion by Respondent, excluded any evidence relating

to Respondent's invalid patent from the jury.[1] Moreover, Respondent's Brief fails to address the legal impact of the dedication of the design of its rocking chair to the public under 35 U.S.C. §253. It is Respondent's opposition that is based on a hypothetical factual basis.

That the jury found that there was a likelihood of confusion is irrelevant to the issues presented by this petition. Not all potential or even actual confusion constitutes unfair competition. For example, in the case of a patented product whose patent has expired, the former patent owner may, as the result of its monopoly under the patent law, have established a strong secondary meaning through an overwhelming market share which the public misperceives to mean that the patented product functions as a trademark. However, such a misperception by members of the public does not constitute "unfair" competition or trademark infringement. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, *reh'g denied* 305 U.S. 674 (1938); *A.J. Canfield Co. v. Honickman*, 808 F.2d 291, 294 n. 2 (3d Cir. 1986); and *In re Northland Aluminum Products, Inc.*, 777 F.2d 1556, 1558 (Fed. Cir. 1985).[2] What a purchaser might mistakenly believe regarding the source-indicating function of a word or design is not the determinative test for assessing whether a protectable interest is present. A number of courts have rejected evidence of consumer perceptions where it was

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[1]As an example, the jury was not permitted to hear sworn statements, made to the PTO by Imagineering's then-president, that Respondent's rocking chair had "an overall different appearance than" Respondent's Weatherend settee. This sworn statement contradicted both her sworn testimony at trial and Respondent's argument here that these two pieces of furniture share a common trade dress. Nor was the jury permitted to hear that the Examiner initially rejected the rocking chair patent application for obviousness reasons.

[2]"The solution to the confusion problem is public education. If the public understands that copying is likely, the public will come to rely upon labeling and will not assume that all products of a similar configuration come from the same source. While that result will not appeal to persons seeking protection against copying of unlimited duration, it would be consistent with our Constitution and the Supreme Court's interpretation of it." John B. Pegram, *Trademark Protection of Product and Container Configurations*, 81 Trademark Reporter 1, 27 (1991), (hereinafter "Pegram").

apparent that a designation simply could not serve a trademark function. *Henry Heide, Inc. v. George Ziegler Co.*, 354 F.2d 574 (7th Cir. 1965); *Miller Brewing Co. v. Jos. Schlitz Brewing Co.*, 605 F. 2d 990, 995 (7th Cir. 1979), *cert. denied* 444 U.S. 1102 (1980); *Norwich Pharmacal Co. v. Sterling Drug, Inc.*, 271 F.2d 569, 572-73 (2d Cir. 1959) and *Dixi-Cola Laboratories, Inc. v. Coca-Cola Co.*, 117 F.2d 352 (4th Cir. 1941), *cert. denied*, 314 U.S. 629 (1941).

Respondent has relied upon decisions which, for the most part, have been handed down in the last two (2) decades, when activist lower courts were vastly expanding the reach of what is fundamentally the federal common law of unfair competition gleaned from Section 43(a) of the Trademark Act. 15 U.S.C. §1125(a). See, Respondent's Brief, pp. 26-27.[3] As noted in the brief of Amicus Pass & Seymour, the lower courts appear to be retreating from their activist role as they recognize that the law of unfair competition has, especially in the product configuration area, gone too far. Amicus Br., pp. 4-5.

More specifically, in a very recent case, the United States Court of Appeals for the Tenth Circuit, ("Tenth Circuit") held that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, (so that without it the invention could not fairly be said to be the same invention), patent law prevents its protection as trade dress, even if the configuration is nonfunctional. *Vornado Air Circulation Systems Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995). The Tenth Circuit did not address whether utility patents should be viewed differently than design patents, as some courts have held. See 58 F.3d at 1503 fn. 11 (collecting cases). However, it is beyond argument that

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[3]The exception being *In re Mogen David Wine Corporation*, 328 F.2d 925 (CCPA 1964). Decided Mar. 12, 1964, *Mogen David* was handed down by the CCPA three (3) days after *Sears/Compco* were decided and does not mention either of those clearly applicable precedents - - leading to the conclusion that the *Mogen David* court had prepared its decision prior to this Court's decision in *Sears/Compco* and did not consider *Sear/Compco* in reaching its decision, a situation which places the precedential value of *Mogen David* very much in doubt.

the design of the rocking chair is the "significant inventive aspect of the invention", which Imagineering dedicated to the public under 35 U.S.C. §253. The Tenth Circuit explained:

> Given, then, that core patent principles will be significantly undermined if we do not allow the copying in question, and peripheral Lanham Act protections will be denied if we do, our answer seems clear. Much has been said in this and other section 43(a) cases about whether a second competitor needs to use a particular product design to compete effectively. But where Lanham Act goals are not the only ones at stake, we must also examine the degree to which a first competitor needs to use a useful product feature instead of something else -- a name, a label, a package -- to establish its brand identity in the first place.
>
> It would defy logic to assume that there are not almost always many more ways to identify a product than there are ways to make it. See In re Water Gremlin Co., 635 F.2d 841, 844 (CCPA 1980) (" [A] merchant who wishes to set himself apart has no dearth of means to do so."). And if one of the ways to configure the product itself has been deemed important enough to the advance of technology for the government to grant a utility patent, we must find its value as a product feature to exceed its value as a brand identifier in all but the most unusual cases.

58 F.3d at 1509-1510 (footnote omitted). *A fortiori*, if the federal policy found in Art. I, §8, cl. 8, of the Constitution, and in the implementing federal statutes, are to be given import, once Respondent dedicated its design to the public domain under 35 U.S.C. §253, it should not have been allowed to extract that design from the public domain by a trade dress claim under Section 43(a) of the Lanham Act. Further, a strict reading of the Lanham Act does not support the interpretation being given by the lower courts. Section 43(a) was narrowly drawn and intended to prevent false designations or

representations as to the geographical origins of products, but has been interpretted to create, in essence, a federal law of unfair competition. Pegram, p. 8, (citation omitted).

> As commentators have noted, it would have been anomalous for Congress to enact an entire statute [the Lanham Act], 45 sections in length, to define and protect trademarks by federal law and then in a passing reference to enact as federal law the entire common law of unregistered marks and unfair competition.

Pegram, p. 8, quoting *Chevron Chemical Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695 (5th Cir. 1981) cert. denied , 457 U.S. 1116 (1982)

Respondent's Brief points out the far-reaching and radical nature of the expansion of unfair competition law this case represents. In essence, what Respondent argues is that a trade dress which cannot be defined other than in the vaguest terms should be protected as an idea. Respondent's Brief, p. 22.[4] Protection of ideas is not the province of trademark law.

The danger of Respondent's position is highlighted by it's assertion that its furniture should be considered a trade dress because the individual pieces "work well together".[5] Respondent's Brief, pp. 23-24. Under such a theory, it would be trade dress infringement for one competitor to create furniture which complements or "goes with" the furniture of another company. Such a position opens vast new horizons for trademark litigation. However, the offsetting commercial uncertainty which will face designers and manufacturers of products of

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[4] Respondent asserts that its trade dress is nothing more than "the use and spacing of slats, a substantial conformity in the configuration of arms and forelegs, and a predominance of soft curvatures."

[5]This position is a logical result of the unfortunate extent of the departure by the lower courts into the realm of "idea" protection through use of unfair competition law,

every description underscores the need, as expressed recently in *Vornado*, to reign in trade dress protection so that this area of the law does not stifle competition and deny consumers a choice of products in the marketplace.

It is noted that Respondent recognizes the precedential authority of *Compco*. Respondent's Brief at p. 28. However, Respondent has misconstrued *Compco*. Rather than setting forth any preemption exceptions, as argued by Respondent, the Court set forth a list of factors that may be relevant to applying a State law requiring labeling.[6] However, the Court made abundantly clear that no facts, regardless of the competitor's motive, could support an award of damages for the actual acts of copying and selling public domain products. More specifically, the Court stated:

> A state of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original. That an article copied from an unpatented article could be made in some other way, that the design is "nonfunctional" and not essential to the use of either article, that the configuration of the article copied may have a "secondary meaning" which identifies the maker to the trade, or that there may be "confusion" among purchasers as to which article is which or as to who is the maker, may be relevant evidence in applying a State's law requiring such precautions as labeling; however, and regardless of the copier's motives, neither these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.

Compco., 376 U.S. at 238 (emphasis added).

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[6]Here, Petitioner has always labeled its products and advertising with its own source indicative name, Van Klassens.

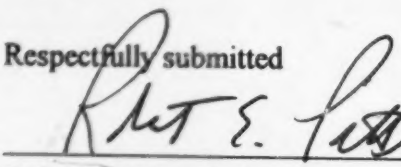
The present interpretation being given Section 43(a) by some of the lower courts, and by the lower courts in the present case, allows Section 43(a) to become an anticompetitive weapon for large companies to use to litigate small competitors out of business. As exemplified by the vagueness of the trade dress claim in the present case, small companies can no longer rely upon the lack of notice inherent in the federal patent system, or public patent records in their efforts to bring designs to the marketplace without exposing themselves to business destruction by litigation.

CONCLUSION

There is a conflict between the federal patent law policy favoring free competition in ideas which do not merit patent protection and the interpretation given Section 43(a) of the Lanham Act by activist lower courts apparently dissatisfied by Congress's refusal to "alter the patent protections presently available for industrial designs." *Bonito Boats*, 489 U.S. at 168. As this Court correctly noted, "[i]t is for Congress to determine if the present system of design ... patents is ineffectual in promoting the useful arts in the context of industrial designs." *Id.* For the reasons set forth above, in its Petition for Writ of Certiorari, as well as on the arguments set forth in the brief *amicus* of Pass & Seymour, Van Klassens respectfully requests that this Court grant its Petition for a Writ of Certiorari.

September 18, 1995

Respectfully submitted



Robert E. Pitts, Esq. *
Raymond E. Stephens, Esq.
PITTS & BRITTIAN, P.C.
P.O. Box 51295
Knoxville, Tennessee 37950-1295
(615) 584-0105
Attorneys for Petitioners
* Counsel of Record